

State Employee Fraud, Waste and Abuse Hotline Policies and Procedures Manual

1-800-723-1615



It's Your Tax Dollars!

State Employee Fraud, Waste and Abuse Hotline

- State Employees are Obligated to Report Instances of Fraud, Waste, and Abuse.
- Report it to Management, However, If You are Uncomfortable Doing So, Call the Hotline.
- You Will Be Interviewed By a Professional.
- Provide Names, Dates, Times, Amounts, Circumstances, Witnesses, Etc.
- Need More Information? Go To WWW.DSIA.STATE.VA.US.
- Your **Confidential** Call is :

Anonymous

Non-Traceable

Toll-Free



1-800-723-1615
MONDAY - FRIDAY
8:15 AM—5:00PM



**Issued by the
Department of the State Internal Auditor
December 2000**

Foreword

The **State Employee Fraud, Waste, and Abuse Hotline** was established approximately eight years ago. During that time State agencies have worked with DSIA to investigate over 6,000 cases. Throughout the history of the Hotline there were no policies and procedures promulgated to assist investigators in carrying out their responsibilities. This policies and procedures manual responds to this need.

The purpose of the manual is to assist internal auditors, Hotline coordinators, agency heads, and anyone involved in Hotline investigations to better meet their responsibilities. It is also intended to foster consistency among agencies in the management and conduct of Hotline investigations.

It is our hope that the manual accomplishes these purposes. We intend this to be a *living* document, that is, subject to change when appropriate. We ask that readers of this manual provide DSIA with feedback on areas that need coverage and suggestions for improvement. We further ask that readers provide us with effective techniques or approaches that have been used in the conduct of investigations so that they can be shared with others.

Please direct your suggestions and feedback to—

Jim Womack
Department of the State Internal Auditor
☎ (804) 225-3106 Ext. 25
✉ jwomack@dsia.state.va.us.

Dedication

This policy and procedures manual is dedicated
in memory of
Sherry Mason
whose efforts on this manual and the hotline program
stand as a legacy to her work on behalf of the Commonwealth.

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Overview of the Hotline Program

Introduction

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| History | The Commission of Efficiency in State Government recommended in 1990 the establishment of a Commonwealth Fraud and Abuse Hotline. The 1992 General Assembly introduced a House Bill to establish a statewide toll-free hotline for state employees to report instances of fraud, waste or abuse in state government. This bill was not passed; however, the Governor decided to implement the hotline by issuing an Executive Order to authorize the hotline in administrative law under the Governor's authority. |
| DSIA's Role | The Executive Branch directed the Department of the State Internal Auditor (DSIA) to administer the Hotline program. DSIA carries out this responsibility through the statewide network of agency and institutional internal audit programs. |
| Implementation of the Hotline | DSIA implemented the Hotline on October 1, 1992, using a non-traceable toll-free number (1-800-723-1615) to protect the confidentiality of the caller. |
| Objective | The major objectives of the hotline is to provide state employees with a vehicle to report suspected instances of fraud, waste, and abuse in state agencies and institutions, to investigate such instances to determine their validity and if valid, make appropriate recommendations to eliminate these situations. |
| Structure | The State Employee Fraud, Waste, and Abuse Hotline is completely anonymous. Under no circumstances should anyone attempt to identify any person who may call the Hotline. If the caller should somehow be identified or even suspected, there shall be no retribution or adverse action taken against that person. |

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Introduction, Continued

Who Are Our Customers?

Individuals within state government who are aware of situations where fraud, waste, or abuse are occurring are expected to report these instances. One way of doing this is to call the hotline to report them without fear of retaliation.

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Authority

COMMONWEALTH OF VIRGINIA OFFICE OF THE GOVERNOR Executive Order 13 (98)

State Employee Fraud, Waste and Abuse Hotline

By virtue of the authority vested in me as Governor under Article V of the Constitution of Virginia and under the laws of the Commonwealth, including but not limited to Chapter 5 of Title 2.1 of the *Code of Virginia*, and subject to my continuing and ultimate authority and responsibility to act in such matters, I hereby direct the Department of the State Internal Auditor to continue the statewide toll-free telephone "hotline" to encourage state employees to report situations where fraud, waste, and abuse may occur in Virginia state agencies and institutions.

There continues to exist within Virginia's government, as in every other state in the nation, an ongoing and continuing possibility of fraud, waste, and abuse in the conduct of government business. Despite the Commonwealth's historic reputation for honesty and integrity in the management of its affairs, we cannot be complacent. We must be diligent in ensuring that Virginia's state government is ethical and fiscally responsible.

State employees should continue to have the opportunity to report possible instances of fraud, waste, or abuse anonymously by using the toll-free telephone hotline. The Department of the State Internal Auditor (DSIA) shall remain responsible for administering the hotline. This arrangement coincides with the responsibilities that executive branch agency heads have for maintaining appropriate internal controls to protect against fraud, waste, and abuse.

DSIA, through its network of internal auditing programs, shall ensure that investigation and resolution activities are undertaken in response to reports received on the hotline. DSIA shall determine the authenticity of allegations and ensure that appropriate corrective actions are taken to rectify any fraud, waste, and abuse.

DSIA shall undertake its investigation and resolution activities in the most cost-effective manner available. Accordingly, DSIA should assign responsibility for investigation and resolution to other investigative staffs where such responsibility is prescribed by law and where appropriate to avoid duplicating or replacing existing investigation and resolution functions.

State employees shall continue to be reminded of the hotline through such measures as the *Commonwealth Currents*, payroll stubs, and Virginia's statewide government telephone directory.

All executive branch agencies of the Commonwealth shall cooperate with, and provide assistance to, DSIA to the fullest extent allowed by law.

This Executive Order rescinds Executive Order Number Twenty-One (94), Hotline for State Employees to Report Fraud, Waste or Abuse, issued by Governor George Allen on June 30, 1994.

This Executive Order shall be effective upon its signing and shall remain in full force and effect until June 30, 2002, unless sooner amended or rescinded by further executive order.

Given under my hand and under the Seal of the Commonwealth of Virginia this the day of June 29, 1998.

James S. Gilmore, III

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Hotline Terms & Definitions

Fraud Definition

The intentional deception perpetrated by an individual or individuals, or an organization or organizations, either internal or external to state government, which could result in a tangible or intangible benefit to themselves, others, or the Commonwealth or could cause detriment to others or the Commonwealth. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

Fraud Example

Falsifying financial records to cover up the theft of money or state property.

Waste Definition

The intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of Commonwealth resources to the detriment or potential detriment of the Commonwealth. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls.

Waste Example

Unnecessary spending of state funds to purchase new office furniture.

Abuse Definition

Excessive or improper use of a thing, or to employ something in a manner contrary to the natural or legal rules for its use. Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of Commonwealth resources. Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in financial or non-financial settings.

Abuse Example

Vehicle Abuse

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DSIA Responsibilities

Policy

Hotline cases are assigned by DSIA to the respective agency Internal Audit Director in cases where the agency has an internal audit program.

Heads of agencies that do not have an internal audit program have designated a high-level individual within the agency to coordinate DSIA's investigation and resolution of complaints directed at the respective agency.

Authority

Under the Executive Order Agency Internal Audit Directors and Agency Hotline Coordinators are responsible to DSIA for the conduct of Hotline investigations, and may not be restricted, limited, or interfered with in the conduct of investigations

DSIA

- Determines the authenticity of allegations.
- Ensures that appropriate corrective actions are taken to rectify any identified fraud, waste or abuse.
- Ensures that timely investigative and resolution activities are undertaken in response to allegations received through the hotline.
- Works with agency internal audit programs to investigate and resolve reported allegations in the most cost efficient manner.
- Reviews investigative work to determine its quality and appropriateness and provide suggestions for improvement in future investigations.
- Training

What Does DSIA Investigate?

DSIA conducts all investigations involving alleged improprieties committed by agency heads, internal auditors, and other officials as the circumstances warrant. For those allegations, DSIA may conduct the investigation or assist other agencies or agency officials that do not have an internal audit program.

DSIA conducts hotline investigations involving agencies that do not have an internal audit program or an Agency Hotline Coordinator.

DSIA may conduct any investigation it deems necessary.

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Process for Receiving a Hotline Call

| Step | Description |
|-------------|---|
| 1 | DSIA receives hotline telephone calls through a non-traceable, toll-free line. |
| 2 | All callers are told not to disclose their identity. |
| 3 | A DSIA investigator records the facts about allegations and attempts to solicit sufficient information to facilitate an effective investigation. |
| 4 | DSIA provides a case number to each caller to facilitate a follow-up process to clarify or obtain additional information regarding allegations. |
| 5 | The DSIA investigator refers callers with complaints pertaining to subject matter outside of the Executive Branch of State Government to the appropriate investigative authority. |
| 6 | DSIA records all cases by date, time, agency and case number for control purposes. |
| 7 | An Investigative Complaint Report is mailed to the respective agency Internal Audit Director or Hotline Coordinator within 2 business days of being received by DSIA. |
| 8 | There is a 60-day reporting requirement. |
| 9 | <p>An investigation is undertaken to determine the authenticity of the allegations. If the alleged fraud, waste or abuse is substantiated, then appropriate corrective action must be taken by the agency/institution head to rectify the situation.</p> <p>If there is a reasonable possibility of a fraud, the fraud should be referred to both the Auditor of Public Accounts and the Department of State Police in accordance with §2.1-155.3 of the <i>Code of Virginia</i>.</p> |

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Other Information

Calls Not Involving Fraud, Waste, Or Abuse

Hotline callers with issues involving employee grievances or discrimination complaints are referred to the Department of Employee Dispute Resolution or the Equal Employment Services Division of the Department of Human Resource Management. Additional examples of complaints not within the purview of DSIA where the caller is directed to other entities include, but are not limited to, allegations against the Legislative Branch, Judicial Branch, localities, and private citizens or entities.

Subject Cross References

Executive Order Thirteen (98)

Code of Virginia, §2.1-155.3, State agencies, courts, and local constitutional officers to report certain fraudulent transactions to the Department of the State Police and the Auditor of Public Accounts.

Code of Virginia, § 2.1-342.01.43, Virginia Freedom of Information Act; exemptions.

Code of Virginia, §2.1-234.29 et seq., The Department of the State Internal Auditor.

Advertising

State employees are informed of the hotline through announcements in the state personnel newsletter; hotline posters on employee bulletin boards, newspaper articles, and periodic messages on employee payroll check stubs, and other marketing efforts.

Questions?

Jim Womack

☎ (804) 225-3106, Ext. 25 or

✉ JWomack@DSIA.state.va.us

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The Hotline poster is displayed at all State agencies.

1-800-723-1615

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- Report it to Management, If You are Uncomfortable, Call the Hotline.
- You Will Be Interviewed By a Professional.
- Provide Names, Dates, Times, Amounts, Circumstances, Witnesses, Etc.
- Need More Information, Go To WWW.DSIA.STATE.VA.US
- Your **confidential** call is :

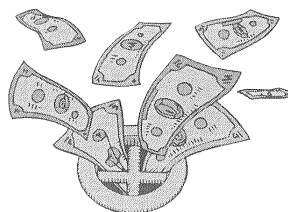
Anonymous

Non-Traceable

Toll-Free



1-800-723-1615
MONDAY - FRIDAY
8:15 AM—5:00PM



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Security

Hotline Reports, Working Papers, and Other Documents

Policy

- Confidentiality shall be maintained over hotline documents at all times.
- Hotline cases should not be discussed with anyone, except for the Hotline Coordinator and the State Internal Auditor or others on a need-to-know basis who are involved in the investigation.
- No copies are to be made of any hotline documents.
- Hotline Case-write up sheets shall not be shown to others, except for individuals who are responsible for conducting the hotline investigation.
- All hotline documents, notes, etc. should be secured at all times.
- Case numbers will not be shared with anyone except investigators.
- Only the State Internal Auditor is authorized to distribute or release hotline reports.

Security Over Documents

All Hotline documents are to be secured in a safe place at all times.

Confidentiality

- All documents, working papers, notes and reports dealing with the investigation shall be marked **Confidential State Employee Hotline Documents**.
- Investigations, interviews, and information relating to investigations should not be shared, discussed, or given to anyone without an absolute need to know.
- Strict confidentiality must be maintained over the entire hotline investigation.

Written Communication With DSIA

All written communications with this Department about Hotline cases are to be sent through the U.S. mail or made in person. This is to ensure that if any tampering occurs, the violator can be prosecuted to the maximum extent. All envelopes should be marked "Confidential" when sent to DSIA regarding the hotline. Interagency mail should never be used.

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Hotline Reports, Working Papers, and Other Documents, Continued

Custodian Of Hotline Documents

State Internal Audit Directors shall maintain all information supporting investigations performed by them in a secure location. All such information, documentation, etc. is the property of DSIA and shall be so identified. DSIA may request that supporting information accompany formal reports.

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Requests for Hotline Information

Calls Asking About Cases

The following process is followed by DSIA in responding to telephone calls requesting information on hotline cases.

| Stage | Description |
|-------|---|
| 1 | Telephone call is answered by the DSIA Receptionist and transferred to a DSIA investigator. |
| 2 | The caller asks the DSIA investigator about a hotline case. |
| 3 | The DSIA investigator asks the caller to provide some information about the case for identification purposes. This should be information that would only be known to the complainant, such as the subject, the date of the call, etc. |
| 4 | If the DSIA investigator is certain that the caller knows sufficient information about the case, then the caller is advised only of the status of the case, either <i>completed</i> or <i>in process</i> . |
| 5 | No further information can be provided by telephone. |
| 6 | If the requestor desires further information, they will be provided instructions for submitting a written request to DSIA for information under the Freedom of Information Act. |
| 7 | If the caller continues to ask about the case, refer them to the State Hotline Coordinator or to the State Internal Auditor. |

Requests For Hotline Information

Only DSIA provides requestors information about hotline cases. All such requests should be referred to DSIA and should not be processed by other agencies.

DSIA shall respond to such requests as permissible under the Code of Virginia, § 2.1-342.01 .43, the Freedom of Information Act. All requests for information about hotline cases will be processed in compliance with FOIA, which requires a written response within five business days.

What Is Provided To FOIA Requestor?

:

Under the *Code of Virginia* § 2.1-342.01 .43, this Department is required to disclose the following information under FOIA requests for information on completed cases:

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Requests for Hotline Information, Continued

| If ... | Then DSIA must disclose... | Therefore, you must report the following to DSIA ... |
|--|--|---|
| Allegation Substantiated (<i>Corrective action taken</i>) | <ul style="list-style-type: none"> Name of agency Identity of the person(s) who is/are the subject of the complaint Nature of complaint Corrective actions taken | <ul style="list-style-type: none"> All relevant information in hotline responses. Refer to reporting section Disciplinary action taken as a result of a hotline investigation is later overturned. Any litigation or other legal actions planned, or taken, involving a case, such as grievances, etc. The subject of the investigation falls under another FOIA exception. |
| Allegation Unsubstantiated (<i>No corrective action taken</i>) | <ul style="list-style-type: none"> If no corrective action is taken, the identity of the person who is the subject of the complaint may be released only with the subject's consent. | <ul style="list-style-type: none"> Name, address, and telephone number of the target of the complaint for cases where no corrective action was taken. |

Agency Responsibilities

- Agencies should provide no information to requestors concerning hotline calls and investigations.
- If an agency should receive a request for information regarding a Hotline investigation, either through the Freedom of Information Act or other means, the requestor should be referred to DSIA.
- Under no circumstances should the agency provide any information to the requestor. Doing so could seriously jeopardize the integrity of the Hotline and the investigative techniques used.

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Hotline Investigative/Complaint Report

Introduction A DSIA investigator records Hotline calls on an *Investigative/Complaint Report*, also informally referred to as a *Case Write-Up Sheet*, using the following process:.

| Stage | Description |
|-------|---|
| 1 | DSIA Investigator is assigned a package of pre-numbered (case number) <i>Investigative/Complaint Reports</i> (yellow case-write up sheets). |
| 2 | DSIA investigator answers a hotline call and interviews the caller, listening to their allegation. |
| 3 | DSIA investigator writes or types the allegation on a pre-numbered Hotline <i>Investigative/Complaint Report</i> . |
| 4 | The hotline coordinator screens each case by reviewing the case and determining whether it should be assigned for investigation or provided for informational purposes. |
| 5 | DSIA provides the <i>Hotline Investigative/Complaint Report</i> to the applicable agency Internal Audit Director or agency hotline coordinator for the hotline investigation. |
| 6 | The Agency Internal Audit Director or agency hotline coordinator conducts the investigation of the allegation based on the <i>Hotline Investigative/Complaint Report</i> . |

Concern **Do NOT provide a copy of the *Hotline Investigative/Complaint Report (Hotline Case Write-Up Sheet)* to the target of the investigation.**

DSIA believes the information contained on the *Hotline Investigative/Complaint Report* may compromise the caller's identity because:

- DSIA investigators prepare the *Hotline Investigative/Complaint Report* verbatim from the caller's description of the situation.
- Confidential information is contained in the *Hotline Investigative/Complaint Report* such as individuals who witnessed the alleged fraud, waste or abuse.
- Other information such as the time and date of the call can provide clues to the caller's identity.

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Hotline Investigative/Complaint Report, Continued

Confidentiality DSIA takes precautions to ensure that the identity of State employees who report alleged fraud, waste, or abuse to the hotline is totally anonymous.



The *Hotline Investigative/Complaint Report* is handled by DSIA under the strictest level of confidentiality and is marked as “Confidential State Employee Hotline Documents.” The agency internal audit programs must provide the same level of confidentiality over hotline documents in order to maintain the integrity of the hotline program.

Reminders from DSIA

- State Internal Audit Directors and others involved in hotline Investigations should not share the Investigative/Complaint Report with anyone except those individuals who are directly involved in conducting the investigation. Those provided this information must also understand the confidentiality requirements.
- If you deem that it is necessary for investigative purposes to disclose the nature of the allegation(s) to the target, you may do so by providing them with a summary of the allegation(s). However, you should be careful not to provide them with any information that would compromise the caller’s or any witness’s identity.

DSIA Contact

Questions?

Jim Womack
 (804) 225-3106, Ext. 25
 JWomack@DSIA.state.va.us

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Accepting Hotline Allegations

Introduction

Background

The conversation with the caller is the most important part of the hotline process, since this is usually the only opportunity to fully understand and document the caller's concern(s) and gather relevant details.

Hotline Parameters

DSIA operates the hotline program within the following parameters:

- The Hotline's toll free number is **800-723-1615**.
 - Hours are from 8:15 am to 5:00 pm, Monday through Friday, except state holidays.
 - After-hours, a recorded message announces the hotline hours and advises callers to call back during normal working hours.
 - An after-hours message is used to announce case numbers for which callers need to call back on.
 - An internal auditor (DSIA investigator) answers the hotline and interviews the caller about their allegation.
 - The Hotline does not offer callers the option of leaving a recorded message since there would be no mechanism for DSIA to interview them or to contact them later if further information is needed.
 - Hotline allegations are generally only accepted by telephone. However, on some occasions we do receive complaints through the mail.
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Answering the Hotline

How Does DSIA Answer Hotline Calls?

DSIA answers and processes a hotline call using the following steps.

| Stage | Who Does It | What Happens |
|-------|--------------|--|
| 1 | Receptionist | Answers call and reads the following script: <i>"Good Morning/Afternoon. You have reached the State Employee Fraud, Waste and Abuse Hotline. You should not disclose your identity. Are you calling back about a case you previously reported? Please hold and I will connect you with an investigator."</i> |
| 2 | Investigator | Answers call and reads Investigator's Script: <ul style="list-style-type: none"> • <i>"Hello, as you were told by the receptionist, you should not disclose your identity to ensure confidentiality. As we discuss your concern, a case number will be assigned. This case number will serve as a reference point between us should we need additional information from you as the investigation is undertaken"</i>. • <i>"Please call the hotline number again, no sooner than three weeks from today after 5:00 p.m. When you hear our after hours message, please listen to the recording. A listing of case numbers will follow the after-hours hotline message. If you hear your case number you should call back during the day so that we can speak to you about your concern. Now, let's discuss the situation you want to report."</i> |
| 3 | Investigator | Listens to the particulars of the allegations and records the following: <ul style="list-style-type: none"> • Time and date • Name of the State Agency • Subject of the allegation. |

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Answering the Hotline, Continued

How Does DSIA Answer Hotline Calls? (continued)

| Stage | Who Does It | What Happens |
|-------|--------------|---|
| 4 | Investigator | While discussing the situation with the caller, makes a preliminary determination on whether the allegation falls under the hotline's authority and whether it involves fraud, waste or abuse of state resources. <ul style="list-style-type: none"> • If yes, go to Stage 5. • If no, re-direct the caller to the appropriate agency or investigative authority. |
| 5 | Investigator | Continues to interview the caller, obtaining relevant information about their allegation. |
| 6 | Investigator | Is the allegation complete? <ul style="list-style-type: none"> • If yes, go to stage 7. • If no, inform the caller that additional relevant information is needed and to call back. |
| 7 | Investigator | Assigns the caller a case number, using the next available number from the investigator's pre-numbered <i>Investigative/Complaint Report</i> sheet. |
| 8 | Investigator | Ends conversation on a pleasant note. |

| | |
|---|--|
| What If Caller Makes More Than One Allegation? | Issue a case number and prepare an Investigative/ Complaint Report for each separate allegation made to the hotline. |
| | Do not write multiple allegations under one case number, unless they are closely related. |

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| Exception | If a complainant makes multiple allegations involving the same subject, then issue one case number. |
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How To Interview the Caller

What Questions Does DSIA Ask Callers?

Investigators who take calls try to obtain the facts surrounding an allegation. As a rule of thumb they should ask the who, what, when, where and how of the allegation. In addition, investigators should ask:

- How the complainant knows of the situation,
- Whether the allegation has been reported elsewhere or if it has been investigated,
- Whether the complainant tried to resolve the matter internally by reporting the situation through the chain of command,
- The names of any witnesses that are aware of the situation who would be willing to speak with investigators,
- Whether the subject's supervisor or others in authority are aware of the allegation,
- The policy that applies, that is, why does the caller think the situation is fraud, waste or abuse,
- Whether the caller has documentation that supports the allegation,
- The estimated loss, and
- The frequency of the occurrence.

Below is a list of some frequent allegations made to the hotline and the appropriate interview questions used by DSIA.

This list does not include all the different types of allegations made to the hotline, only those that are received most frequently.

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How To Interview the Caller, Continued

| If allegation is ... | Then ask the following questions, as considered necessary |
|---|---|
| Leave Abuse <i>Examples:</i> <ul style="list-style-type: none"> • Takes long lunches or other excessive breaks • Arrives late or leaves early • Fails to turn in leave slip for absences • Not working an 8-hour day. | <ul style="list-style-type: none"> • Agency, Division, Unit involved? • Name of subject(s) and their position (classified employee)? • Subject's scheduled work hours, lunch break, and other breaks? • Date and time of occurrence? • Frequency of occurrence? • Location of the occurrence? • Names of any witnesses? • Is there a sign-in or sign-out sheet? • Is there a time clock? • Do you know where the target went? • Did the target depart in a vehicle? What was the license number and description of the vehicle? • Did anyone else go with them? • Were leave slips turned in? How do you know this? • Is the supervisor aware of this situation? • Was this situation reported to anyone else? • Are there any documents to support this allegation? • Does the agency have written policies and procedures that address this issue? • Does the agency have alternative work schedules? |

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How To Interview the Caller, Continued

Leave Abuse (continued)

| If allegation is ... | Then ask the following questions, as considered necessary |
|---|---|
| State Vehicle Abuse <i>Examples:</i> <ul style="list-style-type: none"> • Commuting between office and home • Improper or unnecessary use • Personal use | <ul style="list-style-type: none"> • Agency, Division, Unit, etc. involved? • Name of subject(s) and their position? • Subject(s) supervisor? • Location of the occurrence? • Date and time of occurrence? • Frequency of the occurrence? • License plate number of the vehicle or any other numbers or emblems? • Description of vehicle (color/make/model)? • Exact location of vehicle – county, city, route number, street address • If the car was in a parking lot, exact location within the lot. • Description of driver? • Description and number of any passengers? • Where was the vehicle driven from and to? Approximate distance? • Names of any witnesses? • Is the supervisor aware of this situation? • Was this situation reported to anyone else? • Are there agency policies and procedures? • Is the individual in a travel status or on call? |

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How To Interview the Caller, Continued

State Vehicle Abuse (continued)

| If allegation is ... | Then ask the following questions, as considered necessary |
|---|--|
| Misuse or Waste of Funds/Resources <i>Examples:</i> <ul style="list-style-type: none"> • Unnecessary purchase. • Excessive spending. • Wasteful use of state property or equipment. • Malfeasance such as failure to properly manage departmental budget. | <ul style="list-style-type: none"> • Agency, Division, Unit, etc. involved? • Name of subject(s) and their position? • Subject(s) supervisor? • Nature of the fraud/waste/abuse? • Why is it considered wasteful? • Amount of funds? • Description and value of property? • Location of funds or property? • Date and time of the occurrence? • Frequency of the occurrence? • Names of any witnesses? • Is the supervisor aware of this situation? • How did you find out this information? • Was this situation previously investigated by anyone else? • Are there any documents or other evidence to support this allegation? • Does the agency have written policies and procedures that address this issue? • Are there any other circumstances that contributed to this situation? |

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How To Interview the Caller, Continued

| If allegation is ... | Then ask the following questions, as considered necessary |
|---|--|
| Violations of State Personnel Policy <i>Examples</i> <ul style="list-style-type: none"> • Unfair hiring • Pre-selection • Unqualified employee <p><i>(If the caller is the aggrieved employee, it should be referred to DERC or EEO)</i></p> | <ul style="list-style-type: none"> • Agency, Division, Unit, etc. involved? • Is the person a classified employee? • Job title and position number and classification (full time)? • Name of individual hired? • Position's supervisor? • When did the situation occur? • Names of any witnesses? • Was this situation reported to anyone else? • Are there any documents or other evidence to support this allegation? • Does the agency have written policies and procedures that address this issue? <p><u>Other questions regarding specific allegations:</u></p> <p><u>Unfair hiring</u></p> <ul style="list-style-type: none"> • How was the hiring unfair? • Qualifications that successful applicant lacks? • Names of other applicants who are better qualified? • Who were the interview panel members? • Who screened the applications? • Who is the hiring authority for the position? • Date job posted/closed or date successful applicant started in the position? • How can we verify this? <p><u>Pre-selection</u></p> <ul style="list-style-type: none"> • Why was the person pre-selected? • Who were they pre-selected by and were they on the interview panel? • How did you know this person pre-selected the individual? Does anyone else know this? • How can we verify this? • Is this person qualified for the position? <p><u>Unqualified employee</u></p> <ul style="list-style-type: none"> • Why is the person unqualified? • What duties and responsibilities assigned to this position cannot be performed due to the person's lack of qualifications and have they been assigned to someone else? • Has there been a documented incident to verify this? • What qualification is the employee lacking? |

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How To Interview the Caller, Continued

Violations of State Personnel Policy (continued)

| If allegation is ... | Then ask the following questions, as considered necessary |
|--|---|
| State Telephone Abuse <i>Examples:</i> <ul style="list-style-type: none"> • Personal calls on state telephones, including cellular phones • Using State fax machine for personal document • Charging personal long distance telephone calls to the State. | <ul style="list-style-type: none"> • Agency, Division, Unit, etc. involved • Name of subject(s) and their position • Subject(s) supervisor • What is the telephone number from which the calls are made? • Date and time of calls? • Frequency and duration of calls? • How do you know the calls are not state business related? • Do you know the name of the party called? • Their phone number? • Where is the party located (local vs. long distance call)? • If long distance, do you know the area code? • How do you know the employee is not charging the calls to their calling card? • Does the agency permit employees to make long distance calls and reimburse the agency for them later? • Does the agency monitor employee phone calls? • (If fax misuse) Where is the fax machine located? • What is the fax number? • What type of documents is the target sending and/or receiving? • Do you have a copy of those documents? If so, please provide. • Name of cellular phone vendor. • Names of any witnesses? • Is the supervisor aware of this situation? • Has this situation been reported to anyone? • Are there any documents to support this allegation? • Does the agency have a written telephone policy? |

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How To Interview the Caller, Continued

State Telephone Abuse (continued)

| If allegation is ... | Then ask the following questions, as considered necessary |
|--|---|
| Procurement Violations <i>Examples</i> <ul style="list-style-type: none"> • Unnecessary or excessive purchases/construction • Over-priced purchases/construction • Conflict of interest • No competitive procurement | <ul style="list-style-type: none"> • Agency, Division, Unit, etc. involved? • Name of subject(s) and their position? • What good or service was purchased? • How many times has this occurred? • Where did this happen? • When was the good/service purchased? • What was the dollar amount of the purchase? • (If goods) Where are the goods currently located? • (If services) Was the service performed? If not what is the status? • Who authorized the purchase? • Was this within the authorizer's purchasing authority? • How did this purchase violate procurement laws? • Has the agency paid the vendor for the goods or services? • Why do you consider this purchase to be unnecessary? • Why do you consider this purchase to be excessive? • Names of any witnesses? • Is the employee's supervisor aware of this situation? • How did you find out about this situation? • Was this situation reported to anyone else? • What documents or other evidence can we use to prove that this happened? <p><u>Other questions regarding specific allegations:</u></p> <p><i>Special treatment and/or the acceptance of bribes, gifts, or kickbacks.</i></p> <ul style="list-style-type: none"> • How was one vendor given special treatment over other vendors? • How was the vendor provided special treatment? • Explain why this purchase was a conflict of interest? • Did the employee have a special interest in the transaction? • Did the employee accept a gift, bribe or kickback from a vendor? • What was the nature of the gift, bribe or kickback? • Do you know the value of the gift, bribe or kickback? • Why did the employee act in this manner? |

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How To Interview the Caller, Continued

Procurement Violations (continued)

| If allegation is ... | Then ask the following questions, as considered necessary |
|--|---|
| <ul style="list-style-type: none"> Conducting Outside Business In State Office <p><i>and/or</i></p> <p>Using State Resources For Other Than Business Purposes</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> Private/Personal Business – Uses state resources in outside business Conducts outside business from state office Selling products, preparing tax returns, selling real estate | <ul style="list-style-type: none"> Agency, Division, Unit, etc. involved? Name of subject(s) and their position? Date and time the situation occurred? Where did this occur? Describe the nature of the outside or personal business that is conducted from the state office? What is the name of the outside business? Do you have a business card, brochure, etc? How much time is involved? How often does this occur? How long has this been going on? What State resources is the subject using for outside business purposes? (Computer, copier, telephone, paper, fax machine, Internet.) Is the subject receiving and/or making telephone calls? How do you know the calls are not related to state business? Is the target conducting outside business during their state work hours, during lunch or after work hours? Do you have any evidence, such as copies of documents? Names of any witness? Is the target's supervisor aware of this situation? How did you find out this information? Has this situation been reported to others? |

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How To Interview the Caller, Continued

Using State Resources For Other Than Business Purposes (continued)

| If allegation is ... | Then ask the following questions, as considered necessary |
|--|--|
| Travel Abuse <i>Examples</i> <ul style="list-style-type: none"> • Inflated reimbursement expenditures • Unnecessary attendance at conference/class • Excessive travel | <ul style="list-style-type: none"> • Agency, Division, Unit, etc. involved • Name of subject(s) and their position • What type of abuse occurred? • What was the date and time of travel? • Travel destination or location of the occurrence? • What was the purpose of the travel? • Did anyone else travel with this individual? If so, please identify. • Names of any witnesses • Is the target's supervisor aware of this situation? • How did you find out this information? • Was this situation reported to others? • Is there evidence or other documents to support this allegation? • Does the agency have written policies and procedures that address this issue? • What types of expenditures were inflated (mileage, lodging)? • How was this done? • What was the amount of the inflated expenditures? • Was travel by air, auto, state vehicle, etc.? • Why do you consider attendance of the seminar, conference, etc. unnecessary? • What was the cost of the travel? • Who approved attendance at the conference? • What was the frequency of the travel? • Does the individual's position require travel? • For what purposes does this position require travel? |

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How To Interview the Caller, Continued

Travel Abuse (continued)

| If allegation is ... | Then ask the following questions, as considered necessary |
|--|---|
| Abuse Of State Computers <i>Examples</i> <ul style="list-style-type: none"> Unauthorized use of state computer Unnecessary or idle computer Unnecessary software Misuse of the Internet Personal use of e-mail system | <ul style="list-style-type: none"> Agency, Division, Unit, etc. involved Name of subject(s) and their position Date and time of the occurrence? Frequency of the occurrence? Names of any witnesses Is the supervisor aware of this situation? How did you find out this information? Does the Agency have written policies and procedures addressing this issue? Was this situation reported to others? Is it a desktop or laptop computer? What type of computer is it? (Gateway, Dell, etc.) Where is the computer located? Was this done on state time, after hours, during lunch? What type of software was used? (Word, WordPerfect, Excel, Internet, etc.) Describe the documents that were used or prepared. How much time was spent using or preparing the personal documents? If personal e-mail: frequency, sent to/received from, if outside agency, where? What are the documents about (subject)? Any specific organization? Do you have a copy of the documents? (If so, please provide them to us) Is there any other evidence such as documents to support this allegation? Where are the documents saved? (Hard drive, diskette, network) What was the computer supposed to be used for? What was the cost of the computer? When was the computer purchased? Who authorized the purchase of the computer? What Internet sites are accessed? Does the agency monitor computer usage? |

How To Write-Up Hotline Calls

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What Happens After The Call?

Once the DSIA investigator ends the call, the following tasks are performed.

| Stage | Who Does it | What Happens |
|-------|---------------------|---|
| 1 | Investigator | <ul style="list-style-type: none"> • Write up case on an Investigative/Complaint Report. • Case write-up sheet, using black ink or typewritten. • Attach scratch notes to Investigative/Complaint Report. • Secure all hotline documents until next morning. • Next morning by 8:30 am, provide all Hotline documents to Hotline Coordinator in a sealed envelope marked confidential. |
| 2 | Hotline Coordinator | <ul style="list-style-type: none"> • Perform Level II screening of hotline cases. • Determine what level of investigation is warranted. • Provide all cases to the State Internal Auditor for review and concurrence. |
| 3 | Secretary | Prepare hotline letters for distribution to appropriate Internal Audit Directors. |

What Forms Are Used To Write-Up Calls?

The following forms are used to write-up hotline calls.

| If... | Then... | Illustration |
|----------------|--|--------------|
| No Case | Prepare a DCC (Documented Case Conversation), a brief transcript of the conversation for calls that do <u>not</u> result in a hotline case. Include: <ul style="list-style-type: none"> • Subject • Referral • Reason case not taken • Place the DCC in a sealed envelope and mark it confidential. • Give sealed envelope to Hotline Coordinator on the next day. | |

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How To Write-Up Hotline Calls, Continued

What Forms Are Used To Write-Up Calls? (continued)

| If... | Then... | Illustration |
|-------|---|---|
| Case | <p>Prepare an Investigative/ Complaint Report (case write up sheet)</p> <ul style="list-style-type: none"> • Hand write or type in black ink • Initial the Investigator's Section • Record the Audit Director's/ Hotline Coordinator's name. • Record agency name & number • Use a continuation sheet, if additional pages are needed. • Write the details pertaining to the alleged wrongdoing in a clear and concise manner • Attach notes to case write-up sheet with a paper clip. • Place the hotline case write-up sheet in a sealed envelope and mark it confidential. • Give sealed envelope to Hotline Coordinator on the next day. | <p style="text-align: right;"><i>CONFIDENTIAL</i></p> <p style="text-align: center;"><i>STATE EMPLOYEE HOTLINE DOCUMENTS</i></p> <p style="text-align: center;">DEPARTMENT OF THE STATE INTERNAL AUDITOR AGENCY FRAUD, WASTE, AND ABUSE HOTLINE PROGRAM INVESTIGATIVE/COMPLAINT REPORT</p> <p>STATE AGENCY: _____ DATE: _____</p> <p>AGENCY NUMBER: _____ DSIA CASE NUMBER: XXXX</p> <p>INVESTIGATOR: _____ TIME: _____</p> <p>AGENCY INTERNAL AUDIT DIRECTOR: _____</p> <p>NATURE OF COMPLAINT: _____</p> <p>The allegation is that _____</p> <p style="text-align: right;">(NOTE: <u>CONFIDENTIALITY AND SECURITY OVER THIS INFORMATION MUST BE MAINTAINED AT ALL TIMES.</u>)</p> |

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Calls Requiring Special Handling

Exceptions Special Handling is required for the following types of calls.

| If... | Then... | Process |
|---|--|--|
| Allegation involves an internal audit director, state agency head or other gubernatorial appointee. . | Immediately notify Hotline Coordinator or State Internal Auditor. | Investigation is assigned to DSIA. |
| Allegation involves a time sensitive issue or other urgent matter. | Immediately notify Hotline Coordinator or State Internal Auditor. | Hotline Coordinator will expedite handling of the case as considered appropriate. |
| Alleged wrongdoing involves criminal activity or immediate threat to life or state property. | Immediately notify Hotline Coordinator or State Internal Auditor. | Hotline Coordinator will expedite handling of the case as considered appropriate |
| Caller desires to mail information to the hotline. | Provide the following directions: <ul style="list-style-type: none"> • Mail via U S mail to: State Employee Hotline P. O. Box 1971 Richmond, Va 23219-1971 • Mark envelope "Confidential." • Write case number on the documents. • Advise caller that any documents provided become the property of the Hotline. • Request caller to follow-up with the hotline to ensure that documents were received. | Hotline mail opened by the hotline coordinator: <ul style="list-style-type: none"> • Date stamp the document(s) • Verify case number or assign new case number • File original document(s) in case file and provide a copy to the investigator. |
| Complaint concerns the manner in which a hotline case was investigated. | Immediately refer to Hotline Coordinator or the State Internal Auditor. | Hotline Coordinator or the State Internal Auditor should resolve this situation as deemed appropriate. |

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Calls Requiring Special Handling, Continued


Exceptions (continued)

| If... | Then... | Process |
|--|---|--|
| Caller thinks they are the victim of retaliation because they reported something to the hotline. | Immediately, refer caller to the Hotline Coordinator or the State Internal Auditor. Also advise the caller of the grievance process and provide the with DERC's toll-free number. | DSIA determines the authenticity of caller's allegation and, as necessary, takes corrective action for violation of the Executive Order. |

DSIA Contact

Questions?

Jim Womack

 (804) 225-3106, Ext. 25

 JWomack@DSIA.state.va.us

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Hotline Call Screening

Background

Policy

DSIA shall undertake its investigation and resolution activities in the most cost-effective manner available.

Overview

DSIA developed a screening criteria based on information gathered by contacting other states with similar hotline programs and researching other relevant sources. This screening program helps to:

- Reduce the time and expenses of investigating complaints.
 - Ensures that a subject outside of the Hotline's authority is not accepted as a case.
 - Minimizes the amount of time and effort spent on a less significant allegation.
-

Investigative Authority

DSIA administers the hotline program under the authority of an Executive Order, which covers Executive Branch State Agencies and Institutions only.

DSIA has no authority to investigate any other branch of government such as Legislative branch agencies, elected officials, local governments, etc.

Call Screening

DSIA screens hotline calls twice:

1. Level I screening is performed by the DSIA investigator while talking to the caller to identify calls outside of the hotline's authority.
 2. The DSIA Hotline Coordinator performs level II screening after the case is taken to ascertain the seriousness of the allegation.
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Level I Call Screening

What Is Level 1 Screening DSIA investigator conducts an interview to identify the nature of the complaint and to determine:

- If the subject of the allegation falls within the Hotline program's authority.
- If the subject of the allegation involves fraud, waste or abuse of state resources.

Methodology Level I Screening uses the following methodology

| If the subject of the allegation ... | Then . . . |
|---|---|
| Falls under the Executive Branch of State Government and involves alleged fraud, waste or abuse of state resources | Accept the case by issuing a case number. |
| <ul style="list-style-type: none"> • Falls outside the Executive Branch. • Does not involve a state agency or institution and/or does not involve state business. • Involves a subject unfamiliar to the investigator. | <p>Do not accept the case. Refer the caller to the Auditor of Public Accounts or other appropriate authority.</p> <p>Refer caller to the appropriate authority by referring to the following:</p> <ul style="list-style-type: none"> • Level I Screening Sheet (below). • Listing of State 800 numbers at the front of the State Telephone Directory. • Consult with the Hotline Coordinator or State Internal Auditor. <p><i>If additional time is needed to research this issue, explain this to the caller and ask them to call back later (within a reasonable time period).</i></p> |
| Involves a criminal matter | <ul style="list-style-type: none"> • Do not accept the case. • Refer caller to their local police or appropriate law enforcement authority. |

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Level I Call Screening, Continued

When Is A Case Number Issued? The DSIA investigator should not issue a case number unless the caller's allegation passes Level I screening.

Illustration of Level I Screening Sheet

DEPARTMENT OF THE STATE INTERNAL AUDITOR
STATE EMPLOYEE FRAUD, WASTE AND ABUSE HOTLINE
LEVEL I CALL SCREENING CRITERIA SHEET (REVISED April 18, 2000)

| NON-STATE EMPLOYEE TOPICS | REFER CALLER DIRECTLY ↓ | ☎ # |
|--|--|---|
| City/County/Town Employee/Function (Ex: local police officers, school teacher, etc.) | As applicable: City/County Mgr, Internal Audit, School Brd, City/Town Council, Board of Supvr. | Varies |
| Constitutional Officers (Ex: Commonwealth Attorney, Comm. of Rev., sheriff) & Legislative Br. Employees except THE Auditor of Public Accounts | Auditor of Public Accounts | 1-804-225-3350 |
| General Assembly Member | Joint Rules Committee Clerk of the House Bruce Jamerson Clerk of the Senate Susan Clark Schaar | 1-804-786-8826(H) 1-804-786-2366(S) |
| Judges (§2.1-37.4) | Judicial Inquiry & Review Commissioner | 1-804-786-6636 |
| Leg. Br. - THE Auditor of Public Accounts | Director of JLARC | 1-804-786-1258 |
| Other Topics (Complaints: Public Utility, etc.) | Varies | Varies- See p. 4-5 in the COV Telephone Directory |
| Insurance Fraud | Virginia State Police | 1-877-614-7283 |
| Private Sector Business/Charity | VDACS Consumer Protection | 786-2042 (Richmond) 1-800-552-9963 (Va.) |
| Road Problems/Conditions | Virginia Department of Transportation | 1-800-367-7623 |
| Complaints against Healthcare Providers | Dept of Health Professions | 1-800-533-1560 |
| Alcoholic Beverage Violations | Dept of Alcoholic Beverage Control | 1-800-552-3200 |
| Unemployment Insurance Abuse | Virginia Employment Commission | 1-800-782-4001 |
| STATE EMPLOYEE TOPICS | REFER CALLER DIRECTLY ↓ | ☎ # |
| Counseling, Assistance | State Employee Assistance Services | 786-6741 (Richmond) 1-888-388-4180 (Va.) |
| Inclement Weather Policy Complaints (Hotline accepts calls alleging violation of policy; refer only disagreements with policy) DPT prefers they write to: | Director DPT Office of Policy and Personnel Programs 101 N. 14th Street Richmond, Virginia 23219 | ☎ None – Write |
| Payroll Errors/Questions | Agency Payroll Office Department of Accounts | Varies 1-804-225-2360 |
| Personnel Matters (e.g. refer callers alleging discrimination, harassment, unfair treatment, sexual harassment, other matters covered by the state employee grievance process. Accept as a case allegations of unfair hiring not related to discrimination) unless the caller is the subject of the unfair hiring. | Agency Human Resources Department of Personnel and Training (EEO only) Dept. of Employee Relations Counselors (DERC) | Varies 1-800-533-1414 786-7994 (Richmond) 1-888-232-3842 (Va.) |
| Retirement Benefits Misuse (State) Including alleged misuse of state disability benefits. | Virginia Retirement System | 1-888-827-3847 649-8059 (Richmond) |
| Workers' Compensation (If employee is victim) | Agency Human Resources Dept. of Treasury's - Risk Management Workers' Compensation Commission | Varies 1-804-786-5824 1-804-367-8600 |

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Level II Call Screening

What Is Level II Screening?

DSIA's Hotline Coordinator and the State Internal Auditor's judgements along with structured guidelines which are used to determine the seriousness of an allegation and to classify it as either:

- Serious or significant allegations to be investigated within sixty days.
- Less Significant allegations which are screened-out.

When Is Level II Screening Performed?

DSIA performs level II Screening within 2 business days after the call was received.

GENERALLY, DSIA performs this level of screening on the morning after the call was received.

Purpose

To ensure sufficient information is gathered in order to minimize investigative efforts and associated costs of investigations for allegations that appear to be less significant based on established screening criteria.

Process

The Hotline Coordinator screens the hotline case based on established criteria and completes the Screening Sheet, which indicates whether the case met the criteria for further investigation, following the steps listed below:

| Stage | Description |
|-------|--|
| 1 | DSIA investigators give all new cases to the Hotline Coordinator. |
| 2 | Hotline Coordinator prepares the screening sheet and decides whether an investigation is justified based on the screening criteria. |
| 3 | Hotline Coordinator denotes on the screening sheet the results of the screening and provides the hotline cases including screened out cases and the screening sheet to the State Internal Auditor. |
| 4 | The State Internal Auditor reviews and approves the Hotline Coordinator's decisions, and documents on the screening sheets. |
| 5 | Copies of screened out cases are filed by agency so that they can be distributed to the internal audit director on a monthly basis. The original Investigative/Complaint Sheet and Screening Sheet are filed by case number in the hotline file. |
| 6 | Cases meeting the screening criteria are immediately assigned to the respective agency's Internal Audit Director within two business days. |

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Level II Call Screening, Continued

Screening Methodology

The following methodology is used for performing the Level II screening and deciding if a case warrants an investigation.

| Criteria | Methodology | Action |
|-------------|--|---|
| Scope | A case should not be normally referred for investigation unless DSIA is certain that the allegation is within the Scope of the Hotline. | Determine if the subject of the allegation is identified, if not the case will probably be screened out. <i>If the subject of the complaint is not clearly identified it is generally not practical to conduct an investigation</i> |
| Seriousness | <ul style="list-style-type: none"> If there is an alleged immediate threat to life or state property or an alleged violation of federal or state law, the case will usually be referred for investigation. An alleged violation of statewide policy will be considered for referral dependent on the other criteria. | <p>Consider the seriousness of the allegation.</p> <ul style="list-style-type: none"> Does the complainant allege a violation of law, policy or procedure? <p><i>The violation of a law would rank as a more serious issue than the deviation from an agency procedure, assuming that these are exclusive from one another.</i></p> |
| Materiality | <ul style="list-style-type: none"> Allegations of explicit loss of state funds or property, abuse of state <u>time</u> or <u>property</u> or loss of productivity or inefficiency may be referred for investigation dependent on the other criteria. | <ul style="list-style-type: none"> Generally, those allegations with an estimated loss of \$2,000 or more will be referred for investigation if sufficient level of detail is provided. Normally, estimated losses of less than \$200 will not be referred for investigation unless other criteria warrant an investigation. Those cases with estimated losses between \$2,000 and \$200 or those cases whose losses are not estimated will be referred on a case-by-case basis. |

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Level II Call Screening, Continued

Screening Methodology (continued)

| Criteria | Methodology | Action |
|-----------------|--|---|
| Timing | <ul style="list-style-type: none"> Generally, if the time elapsed since the alleged wrongdoing occurred is 3 years or more, the case will not be referred for investigation. The frequency of the alleged wrongdoing will be considered with other criteria to determine if an investigation is necessary. | Consider the timing and frequency along with other criteria. |
| Level of Detail | If the subject of the allegation is not identified AND detailed information is not provided AND documentation is not provided or identified, the case usually will not be referred for investigation. | <p>Determine the amount of tangible evidence submitted or identified by the complainant.</p> <p><i>For example, copies of an official document such as timesheet, payroll check, purchase order, vendor invoice, computer listing, memo on letterhead, journal entries that show wrong doings greatly support the credibility of the allegations.</i></p> <ul style="list-style-type: none"> Determine the degree of detail and specificity contained in the allegation. Did the complainant provide the date, nature, timing, description, name, location, method of concealment, or dollar amount of wrongdoing? The more details provided the more credible the allegation. |

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Level II Call Screening, Continued

Screening Methodology (continued)

| Criteria | Methodology | Action |
|----------------|--|--|
| Related Issues | <ul style="list-style-type: none"> If the caller states that the allegation has been previously investigated and found to be unsubstantiated, the case will not normally be referred for investigation unless the caller is able to provide additional information or a significant amount of time has elapsed since the initial investigation. If the allegation concerns a function that has a strong probability of adverse publicity, the case may be referred for investigation | <p>Compare the complaint to any other hotline complaints made of a similar nature in the past 6 months.</p> <p>If these cases were found to be unsubstantiated, determine whether any new information is contained in the new case. If not, the case should be considered for screening out.</p> <p>Try to determine the quality of previous investigations and determine the credibility of the caller.</p> |

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Illustration of Level II Screening Sheet

Complete for each Hotline Case Hotline Case Number _____ Initials _____ Date _____

DEPARTMENT OF THE STATE INTERNAL AUDITOR
STATE EMPLOYEE'S FRAUD, WASTE AND ABUSE HOTLINE
LEVEL 2 CALL SCREENING CRITERIA SHEET REVISED April 18, 2000

| | | | | |
|---|--|--------------------------------|------------------------------|----------------------------------|
| I. SCOPE | Is the allegation within scope of the State Employee Hotline? | No-STOP-Do Lvl 1 Screen (N) | Uncertain (N) | Yes-Exec. Brch Emp./Function |
| II. SERIOUSNESS | Is there an alleged immediate threat to life or state property? | No | Uncertain | Yes |
| | Is there an alleged violation of federal or state law? | No | Uncertain | Yes |
| | Is there an alleged violation of statewide policy? | No | Uncertain | Yes |
| III. MATERIALITY | Is there an allegation of explicit loss of state funds or property? | No | Uncertain | Yes, explicit |
| | Is there an allegation of abuse of state time or property (Circle those applicable)? | No | Uncertain | Yes, explicit |
| | Is there an allegation of loss of productivity or of inefficiency? | No | Uncertain | Yes, explicit |
| | Total estimated amount of alleged loss, if quantifiable. If not, check here: ____ NQ | <\$200 | >\$200<\$2,000 | >\$2,000 |
| IV. TIMING | How frequently has the alleged wrongdoing occurred? | Once | Several times | Continuously |
| | Time elapsed since the wrongdoing occurred. | ≥ 3 yrs | ≥ 1 mth-<3 yrs | <1 mo - ongoing |
| V. LEVEL OF DETAIL- *IF ALL "NO" - NO REFERRAL | Is the subject of the allegation identified? | No * | Some id info. | Name/Title |
| | Was detailed info. given such as date(s), timing, witness(es), description, location, method of concealment, or \$ amt.? | No * | Some | Very Detailed |
| | Was documentation provided or identified? | No * | Some identified | Evidence provided |
| VI. RELATED ISSUES | Did the caller allege that any other investigation of the allegation had been done? | Didn't know or None | Reviewed by involved parties | Reviewed by objective entity |
| | Any other complaints of a similar nature in the past twelve months for this entity? | No | Yes, unsubstantiated | Yes-in progress or substantiated |
| | Is the allegation a topic with a high risk of adverse publicity? | No | Some Possibility | Strong Possibility |

Decision of State Hotline Coordinator: ☐ No Investigation ☐ Investigate-Qtrly ☐ Investigate-30 Day
If no, what was the rationale for screening out this case? _____

State Internal Auditor Approval: ☐ Yes ☐ No Initials _____ Date _____ (Only required for cases not to be investigated)


Screening Sheet is attached to Hotline Case Write-In Sheet For screened out cases, a conv is filed by agency for reporting purposes.

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DSIA Contact

Questions?

Jim Womack

 (804) 225-3106, Ext. 25 or

 JWomack@DSIA.state.va.us

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Assignment of Hotline Case

Background

Policy

DSIA uses the statewide network of internal auditing programs and agency hotline coordinators to investigate the validity of hotline allegations and ensures that appropriate corrective actions are taken to rectify any fraud, waste or abuse.

Methodology for Assigning Cases for Investigation

Process

DSIA assigns cases as follows:

| Stage | Description |
|-------|--|
| 1 | Within 2 business days of receipt of the hotline call, DSIA reviews and evaluates the seriousness of allegation using a structured methodology. |
| 2 | DSIA decides who shall conduct the investigation. |
| 3 | DSIA assigns the case to either: <ul style="list-style-type: none"> • Agency Internal Audit Program. • Agency Hotline Coordinator. • DSIA. |
| 4 | For cases assigned to DSIA, the Hotline Investigative/Complaint Sheet is provided to the DSIA Hotline Coordinator for assignment to a DSIA Investigator. |
| 5 | For cases assigned to others, DSIA prepares a transmittal letter to the respective Agency's Internal Audit Director (or Hotline Coordinator) and attaches a copy of the Hotline Investigative/Complaint Sheet. |
| 6 | DSIA Executive Secretary makes a copy of the transmittal letter and attachment. |
| 7 | DSIA shall state in the transmittal letter there is a 60-day reporting requirement. |
| 8 | DSIA receptionist mails the hotline transmittal letter and any attachments to the agency via U. S. mail, marked "Confidential". |
| 9 | A copy of the Transmittal Letter is provided to the DSIA Hotline Coordinator, who secures it in the hotline safe. |

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Methodology for Assigning Cases for Investigation, Continued

Who Conducts The Investigation? DSIA decides who shall conduct a hotline investigation based on the following:

| If ... | Then Hotline investigation is assigned to ... | Comment |
|--|---|---|
| The subject of the Allegation involves an agency head or the agency Internal Audit Department. | DSIA | DSIA also investigates: <ul style="list-style-type: none"> • Other officials as the circumstances warrant. • DSIA can also investigate any case at its discretion. |
| Agency does not have an Internal Audit Program or an Agency Hotline Coordinator. | DSIA | |
| The agency has only a designated Hotline Coordinator. | Agency Hotline Coordinator <i>Heads of agencies that do not have an internal auditing program have designated a high-level individual within the agency to coordinate DSIA's investigation and resolution of complaints directed at the respective agency.</i> | Depending on the complexity of the allegation, DSIA may assist and/or supervise the Agency Hotline Coordinator in the investigation. Depending on past performance of the hotline coordinator, DSIA may choose to conduct the investigation. |

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Methodology for Assigning Cases for Investigation, Continued

Who Conducts The Investigation? (continued)

| If ... | Then Hotline investigation is assigned to ... | Comment |
|-----------------|--|---|
| All other cases | Agency Internal Audit Program | <p>Exception, DSIA may conduct the investigation if:</p> <ul style="list-style-type: none"> • The Allegation is very serious and/or time sensitive. • Requested by the Internal Audit Director or Agency Head. • It involves more than one state agency. • DSIA may investigate any case at its discretion. |

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Cases Assigned to Agency Internal Audit Directors

Large State Agencies

DSIA recognizes that in some large agencies with locations throughout the Commonwealth, the Internal Audit Director may delegate hotline investigations to other responsible members of the management team.

Investigations Delegated To Others

For cases delegated by the Internal Audit Director to other responsible members of the management team, the Internal Audit Director shall:

- Ensure that others conduct hotline investigations in the same confidential manner as those conducted by the internal auditors.
- Ensure that the person is in a position to be objective and un-biased.
- Remain ultimately responsible to DSIA for the proper conduct of the investigations.
- Review the work performed by others and provide a conclusion as to whether or not the allegation(s) was/were substantiated or not.
- Approve the objectives and questions that need to be answered or develop them and provide that information to the investigator.
- Ensure that the person conducting the investigation is properly trained on conducting a hotline investigation.
- An important consideration is how much information to provide to those outside the investigative process. Those involved in the investigative process must be familiar with investigative techniques, confidentiality and hotline policies. If sufficient investigative personnel are not available, the Internal Audit Director may consider delegating tasks without providing sensitive information such as the allegation, investigative methods and so on.
- The IA Director will ensure the person conducting the investigation is familiar with these policies and procedures.

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Investigator's Responsibilities

Agency Responsibility Agency Internal Audit Directors and Agency Hotline Coordinators are responsible for conducting Hotline investigations. They shall not be restricted, limited, or interfered with by anyone in the conduct of hotline investigations.

DSIA's Role DSIA may participate in the agency's hotline investigation, if warranted by the nature of the allegation, or if the agency head or Internal Audit Director requests DSIA's participation.

Agency Internal Audit Director's Responsibility Agency Internal Audit Directors shall provide confidentiality over hotline documents in order to maintain the integrity of the hotline program.

Confidentiality

- Hotline investigations will be undertaken in a confidential manner and related reports and correspondence will not be distributed to anyone other than the investigator or the agency head without the consent of DSIA
- Copies of memorandums, reports, etc. pertaining to hotline investigations will only be provided to the individual assigned to conduct the hotline investigation and all documents must be marked as Confidential State Employee Hotline Documents.
- Agency Audit Programs shall not share the hotline *Investigative Complaint Report* with anyone except the individual that is conducting the investigation:

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Hotline Investigative/Complaint Report

Security And Concerns Over The Hotline Investigative/Complaint Report

DSIA believes the information contained on the *Investigative/Complaint Report* will compromise the caller's identity because:

- DSIA investigators prepare the *Hotline Investigative/Complaint Report* verbatim from the caller's description of the situation.
- Confidential information is contained in the *Hotline Investigative/Complaint Report* such as individuals who witnessed the alleged fraud, waste or abuse.
- Other information such as the time and date of the call can provide clues to the caller's identity.

Confidentiality

DSIA assures callers that they will be anonymous and steps are taken to protect their identity. DSIA takes precautions to ensure that the identity of State employees who report alleged fraud, waste or abuse to the hotline is totally anonymous.

The *Hotline Investigative/Complaint Report* is handled by DSIA under the strictest level of confidentiality and is marked as "Confidential State Employee Hotline Documents". Agency internal audit programs must provide the same level of confidentiality over hotline documents in order to maintain the integrity of the Hotline program.

Instructions that DSIA provides to Investigators

- Agency Internal Audit Directors and others involved in hotline Investigations will not share the Investigative/Complaint Report with anyone except those individuals who are conducting the investigation.
- If an investigator deems that it is necessary for investigative purposes to disclose the nature of the allegation(s) to the target, they may do so by providing them with a summary of the allegation(s). However, they should be careful not to provide any information that would compromise the caller's identity. The allegation should only be disclosed to the target when sufficient evidence has been gathered so as to be confident that the allegation is substantiated.

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Hotline Transmittal Letters

How Are Cases Assigned to the Investigator?

DSIA uses the following types of transmittal letters to assign cases for investigation. A copy of the *Hotline Investigative Complaint Report* is attached to the transmittal letter.

| Type of Case | Example of a Transmittal Letter |
|---------------|--|
| Assigned Case | <p>DATE: Current</p> <p>TO: Agency Internal Audit Director</p> <p>FROM: Jim Womack Internal Audit Supervisor</p> <p>SUBJECT: <u>State Employee Fraud, Waste and Abuse Hotline</u></p> <p>The attached complaint, Case No. XXXX was received by this Department and needs to be investigated by your unit.</p> <p>In connection with the previous instructions provided to you and your agency head about the hotline, a report should be sent to this Department within 60 days. Also, if you need additional information to investigate this case, you should notify this Department within <u>15 business days</u> of the date this Department took the allegation so that we can make further contact with the complainant. You should contact me at (804) 225-3106 if you need more information.</p> <p>Since strict confidentiality must be maintained over the entire investigation, you must mark all documents, working papers, notes and reports dealing with this investigation "<u>Confidential State Employee Hotline Documents</u>."</p> |

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Hotline Transmittal Letters, Continued

Assigned Case (continued)

| Type of Case | Example of a Transmittal Letter |
|--------------------------|---|
| | <p>In addition, all written communication with this Department about this or any other hotline case should be similarly marked and sent through the U.S. mail. This is to ensure that if any tampering occurs, the violator can be prosecuted to the maximum extent. All envelopes should have the notation "Confidential" when sent to this Department regarding the hotline.</p> <p>If there are any questions regarding this matter, please contact me.</p> <p>Attachment</p> |
| Screened-Out Case | <p>DATE: Current</p> <p>TO: Agency Internal Audit Director</p> <p>FROM: Jim Womack Internal Audit Supervisor</p> <p>SUBJECT: <u>State Employee Fraud, Waste and Abuse Hotline</u></p> <p>As you are aware, we established a structured call screening process to reduce time and expenses associated with hotline calls that appear to have little or no substance. This Department during the past month received the attached complaint(s), Case No. xxxx. While this allegation meets the hotline's definition of fraud, waste or abuse, it does not meet the criteria used by this Department to determine which calls warrant investigation through the hotline program. We have classified this case as "screened-out" and no investigation by your unit is required.</p> |

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Hotline Transmittal Letters, Continued

Screened-Out Case (continued)

| Type of Case | Example of a Transmittal Letter |
|---------------------|---|
| | <p>All screened-out cases involving your agency are provided to you for informational purposes on a monthly basis. You do not need to provide a response regarding this/these case(s). However, if you decide to investigate this matter, you should follow the procedures established by this Department for hotline investigations.</p> <p>If there are any questions regarding this matter, please contact me at (804) 225-3106.</p> <p>Attachment</p> |

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Reporting

What Are The Reporting Requirements?

DSIA requires a response within 60 days.

Extensions to Reporting Deadlines

DSIA generally will grant extensions to reporting deadlines at the agency's request.

DSIA Contact

Questions?

Jim Womack
 ☎ (804) 225-3106, Ext. 25 or
 ✉ JWomack@DSIA.state.va.us

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“Call-Back” Hotline Calls

Introduction

Background

Hotline callers sometimes call back regarding cases that they previously reported. They usually call back for one of four reasons:

- Caller’s case number was on the after-hours, call- back tape.
- Caller wants to know the results of the investigation.
- Caller wants to add some additional information to their case.
- Caller is calling back after three weeks, per our instructions when they made the initial call.

The remainder of the call backs usually ask one of the following questions:

- How was the investigation undertaken?
- Who conducted the investigation?
- How long did/does the investigation take?
- Was my case assigned for investigation? If not, why not?
- Was the allegation substantiated?
- What disciplinary action was taken against the subject of the allegation?
- It appears that nothing happened as a result of my call. Why not?
- Has the investigation been completed?
- Caller wants to mail some additional information to the hotline.
- How much longer will the investigation take?
- The allegation continues to occur.

DSIA procedures for responding to the above questions are presented in this topic.

Policy

If the caller can provide sufficient information about the case to enable the DSIA investigator to identify him/her as the complainant, the DSIA Hotline Investigator may disclose that the investigation is either *in process* or is *completed*.

DSIA Hotline Investigators shall not disclose any further information about hotline calls by telephone. If a caller makes any further inquiries about a hotline investigation, they shall be directed to submit a written request to the State Internal Auditor.

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Hotline After-Hours Telephone Recording

Introduction The after-hours, recorded message left by DSIA staff on the hotline telephone line provides a mechanism for hotline investigators to ask hotline callers additional questions about their allegations.

Call-Back Process The following process is currently in place for obtaining additional information from hotline callers.

| Stage | Description |
|--------------|--|
| 1 | On the initial call, DSIA instructs the hotline caller to call back no sooner than three weeks after the initial call and when calling back to check the after-hours messages. |
| 2 | DSIA informs the applicable agency internal audit director of the initial call within 48 hours. At this time, DSIA instructs you to let DSIA know within 15 business days, if you have additional questions to ask the caller. |
| 3 | When hotline investigators have additional questions, DSIA places the case number on the after-hours message. |
| 4 | Caller calls back after three weeks from the initial call date and responds to the investigator's questions. |
| 5 | DSIA relays the information to the investigator. |

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How A “Call-Back” Hotline Call Is Answered

How To Answer Call Backs

The following process is used by DSIA:

| Stage | Who | Description |
|-------|-------------------|---|
| 1 | Receptionist | Receptionist answers the hotline and asks caller if they are calling back about a case they previously reported. |
| 2 | Investigator | If no, see Accepting a Hotline Call, if yes: Go to Stage 3. |
| 3 | Receptionist | Ask for case number and then check to see if the case number is listed on the <i>DSIA Call Back List</i> . |
| 4 | Receptionist | Transfers the call to a DSIA Hotline Investigator by announcing that this is a call back and the number <i>is</i> or <i>is not</i> on the call back tape. |
| 5 | DSIA Investigator | If the case number is listed on the call-back tape, refer to next paragraph on <i>Hotline After-Hours Telephone Recording</i>. If the case number is not on the call back tape, ask the caller how can you help them. |
| 6 | Caller | Caller explains why they are calling back about a specific case. <i>See examples provided above.</i> |
| 7 | DSIA Investigator | DSIA provides assistance in response to the caller’s questions, <i>refer to the specific questions listed below.</i> |
| 8 | DSIA Investigator | End call on pleasant note. |

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DSIA Procedure for Responding To Caller's Questions

Confidentiality Prior to disclosing any information about a hotline case, the DSIA Investigator shall ask the caller to provide some details about the case which would only be known by the original caller, such as:

- When was the case reported?
- What is the subject of the investigation?
- What state agency was involved?

Process For Handling Various Types Of Call Backs

Depending upon the reason the caller is calling back, the DSIA Investigator shall handle the call as follows.

| If... | Then... | Process . . . |
|---|--|---|
| Caller's case number was on the call-back tape | <p>Retrieve the questions.</p> <ul style="list-style-type: none"> • Cases on the Call Back Tape are filed in the hotline case files marked "CASES on Call-Back Tape". A note will be attached to the case containing the specific questions to be asked. • Contact the investigator to let them know that the additional information was received. • Notify the Receptionist to delete the hotline case number from the call back tape. | <ul style="list-style-type: none"> • Document the caller's response on the Hotline Call Back Form, below the questions. • Provide the form to the hotline coordinator in the daily case envelope. • Send to the IA Director as additional information. |

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DSIA Procedure for Responding To Caller's Questions, Continued

Hotline Call Back Form

D:\SHARED\CALLBK.DOC

DEPARTMENT OF THE STATE INTERNAL AUDITOR HOTLINE CALL BACK FORM

CASE NUMBER: _____

DATE PLACED ON TAPE: _____

DATE REMOVED FROM TAPE: _____

REQUESTED BY: _____

AGENCY: _____

PHONE NO: _____

DATE CALL RECEIVED: _____

QUESTIONS: _____

ANSWERS: _____

CONFIDENTIAL
GOVERNOR'S WORKING DOCUMENTS

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DSIA Procedure for Responding To Caller's Questions, Continued

| If... | Then... | Process . . . |
|--|---|--|
| Caller wants to know the status of the case investigation | <ul style="list-style-type: none"> Retrieve the case from the hotline safe. Once you are satisfied that the caller is the bona fide complainant, disclose that the case is either "in process" or "completed". No other information shall be provided to the caller. | <p>Document the conversation on a DCC.</p> <p style="text-align: center;"><i>CONFIDENTIAL</i> <i>STATE EMPLOYEE HOTLINE DOCUMENTS</i></p> <p style="text-align: center;">DEPARTMENT OF THE STATE INTERNAL AUDITOR AGENCY FRAUD, WASTE, AND ABUSE HOTLINE PROGRAM</p> <p style="text-align: center;"><u>Documented Case Conversation</u></p> <p>State Agency: _____ Case Number: _____</p> <p>Information from: _____</p> <p><u>Conversation:</u></p> <p>___ Requested Status of Case</p> <p>___ Following up after 3 weeks</p> <p>___ Other: _____</p> <p>Signed by: _____</p> <p>Date and Time: _____</p> |
| Caller wants to add information to their existing case. | <ul style="list-style-type: none"> Retrieve the case from the hotline safe. Once the investigator is satisfied that the call is the bona fide complainant, take the new information. | <ul style="list-style-type: none"> Write the additional information on an Investigative Complaint Sheet. Provide the Investigative Complaint Sheet to the Hotline Coordinator in your daily case envelope. |
| Caller is calling after three weeks, per our instructions when they made the initial call | <ul style="list-style-type: none"> Check the list of case numbers on the callback tape to determine if the caller's number is included, if so, then follow the call back process. If not, advise caller that we do not have any further questions for them. | Complete a DCC. |

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DSIA Procedure for Responding To Caller's Questions, Continued

| If... | Then... | Process . . . |
|---|--|--|
| Caller wants to know about the manner in which their case was investigated. | Advise caller that hotline investigations are conducted in a confidential manner and that investigative methods are not generally disclosed. | <ul style="list-style-type: none"> • Complete a DCC • Refer to Hotline Coordinator or State Internal Auditor, if caller is not satisfied with the handling of their case. |
| Caller asks who conducted the hotline investigation? | Advise caller that investigations are conducted in a confidential manner under the statewide network of internal audit programs under the direction of the Department of the State Internal Auditor. We do not disclose the name of the investigator. | <ul style="list-style-type: none"> • Complete a DCC • Refer to Hotline Coordinator or State Internal Auditor, if caller is not satisfied. |
| Caller asks was my case assigned for investigation. If not, why not | <ul style="list-style-type: none"> • Retrieve the Case from the hotline safe. • Respond that case was either assigned for investigation or screened out. • If case was screened out, explain the reason that it was not investigated to the caller. Advise caller that if they wish to provide more details about the allegation, we will re-consider the case. | <ul style="list-style-type: none"> • If investigated, complete a DCC • If not investigated and the caller wants to add information, complete a case continuation sheet. • Provide the new information to the Hotline Coordinator. <i>(The new information will be re-evaluated to determine if an investigation is warranted. Refer to Screened Out Section.)</i> |

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DSIA Procedure for Responding To Caller's Questions, Continued

| If... | Then... | Process . . . |
|--|---|--|
| Caller asks if the allegation was substantiated? | <ul style="list-style-type: none"> Once you are satisfied that the call is the bona fide complainant, you may disclose that the case is either in process or completed. No other information shall be provided to the caller unless authorized by the Hotline Coordinator or the State Internal Auditor | <ul style="list-style-type: none"> Complete a DCC Refer to Hotline Coordinator or State Internal Auditor, if caller is not satisfied. |
| Caller asks what disciplinary action was taken against the subject of the allegation? | Advise caller that investigations are conducted in a confidential manner and the results of the investigation are not generally disclosed. However, they may request the information in writing under the Freedom of Information Act. | <ul style="list-style-type: none"> Complete a DCC. Refer to Hotline Coordinator or State Internal Auditor, if caller is not satisfied. |
| Caller states that nothing happened as a result of their call. Why not? | <p>Retrieve the case.</p> <ul style="list-style-type: none"> If the case was still under investigation, advise the caller that any necessary corrective action will be recommended once the case is completed. If the allegation was unsubstantiated, document the callers concerns that the alleged fraud, waste or abuse is still occurring and refer to Hotline Coordinator or State Internal Auditor so they can determine if the case should be re-opened. | <ul style="list-style-type: none"> Prepare a DCC. |

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DSIA Procedure for Responding To Caller's Questions, Continued


| If... | Then... | Process . . . |
|--|---|-----------------------------|
| | <ul style="list-style-type: none"> If the case was substantiated, consider whether or not the caller's new allegation should be issued a new case number. Explain that it may take time for corrective action to be noticeable. | |
| Caller wants to mail some additional information to the hotline | Provide the following directions: <ul style="list-style-type: none"> Mail via U S mail to: State Employee Hotline P. O. Box 1971 Richmond, Va 23219-1971 Mark envelope "Confidential." Write case number on the documents. Advise caller that any documents provided become the property of the Hotline. Request caller to follow-up with the Hotline to ensure that documents were received. | Prepare a DCC. |
| Caller wants to know how much longer will the investigation take? | Advise that hotline cases may take up to 60 days to investigate. Specific information about the length of time involved in the investigation cannot be disclosed. . | Prepare a DCC. |
| Caller wants to add a new allegation. | Take the allegation, but issue a new case number. | Follow new case procedures. |

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DSIA Contact

Questions?

Jim Womack

 (804) 225-3106, Ext. 25 or

 JWomack@DSIA.state.va.us.

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Conducting a Hotline Investigation

Overview/Background

Purpose

To provide guidance and suggestions to internal auditors and others who conduct hotline investigations for the hotline program. Since the program was implemented in October 1992, internal auditors were instructed to conduct hotline investigations following internal audit standards prescribed by the Institute of Internal Auditors. The Department of the State Internal Auditor (DSIA) issued no formal guidance on how to conduct investigations. In its efforts to improve the operation and efficiency of the hotline program, DSIA provides the following guidance on how to conduct hotline investigations.

Policy

All investigations will be conducted thoroughly and with due diligence using investigative and interview techniques appropriate to the situation. DSIA is available to assist in the development of appropriate investigative steps and interview questions and techniques. All investigative procedures will be documented and maintained as indicated below. DSIA may, from time to time, review the investigative work to determine the quality and appropriateness of investigative work, and to provide suggestions for improvement in future investigations.

Objectives of a Hotline Investigation

- An investigation should be undertaken to determine if there is any validity to the allegation, and whether fraud, waste or abuse occurred prior to reporting to, or alerting management of the potential fraud, waste or abuse.
- Determine how the fraud, waste or abuse took place and the conditions and circumstances that contributed to the fraud, waste or abuse.
- Determine that corrective actions are taken to prevent future instances of the fraud, waste or abuse from occurring and/or remediation of the condition, such as loss recovery.

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Hotline Terms & Definitions

Fraud Definition

The intentional deception perpetrated by an individual or individuals, or an organization or organizations, either internal or external to state government, which could result in a tangible or intangible benefit to themselves, others, or the Commonwealth or could cause detriment to others or the Commonwealth. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

Fraud Example

Falsifying financial records to cover up the theft of money or state property.

Waste Definition

The intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of Commonwealth resources to the detriment or potential detriment of the Commonwealth. Waste also includes incurring unnecessary costs as a result of inefficient or ineffective practices, systems, or controls.

Waste Example

Unnecessary spending of state funds to purchase new office furniture.

Abuse Definition

Excessive or improper use of a thing, or to employ something in a manner contrary to the natural or legal rules for its use. Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of Commonwealth resources. Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in financial or non-financial settings.

Abuse Example

Vehicle abuse.

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Security Over Hotline Investigation

Confidential Stamp

Strict confidentiality must be maintained over the entire Hotline investigation. All documents, working papers, notes, and reports associated with this investigation shall be marked **Confidential State Employee Hotline Documents**.

Confidentiality

- Investigations, interviews, and information relating to investigations will not be shared, discussed, or given to anyone without an absolute need to know.
- Strict confidentiality will be maintained over all hotline documents, notes, etc, at all times.
- All hotline documents will be secured at all times, when not in use.
- As a general rule, hotline cases should not be discussed with anyone, except for the Hotline Coordinator, the State Internal Auditor, or others involved in the investigation. However, some discussions about hotline cases are necessary. It may be necessary to notify the agency head that an internal auditor will be conducting a hotline investigation or to discuss aspects of a case with agency management to affect corrective actions. In such instances, investigators should disclose no more information than is absolutely necessary to those outside the investigative process.
- Hotline investigations should be undertaken in a confidential manner and related reports and correspondence will not be circulated to individuals who are not directly involved in the conduct of the investigation.
- Copies of memorandums, reports, etc. pertaining to hotline investigations will only be provided to individuals who are conducting the hotline investigation and will be marked as Confidential State Employee Hotline Documents.

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Security Over Hotline Investigation, Continued

-
- Agency Internal Audit Directors shall not share the hotline *Investigative Complaint Report* with anyone except the individual(s) that are conducting the investigation. These will never be shared with witnesses or the target of the investigation.
 - To ensure confidentiality, under no circumstance should the investigative case number be disclosed to anyone other than the caller, head of internal audit, investigators, or hotline coordinator.
-

Written Communication With DSIA

- All written communications with this Department about Hotline cases are to be sent through the U.S. mail. This is to ensure that if any tampering occurs, the violator can be prosecuted to the maximum extent.
 - All envelopes should be marked "Confidential" when sent to DSIA regarding the hotline.
 - No communications shall be sent over electronic media.
-

Custodian Of Hotline Documents

- State Internal Audit Directors shall maintain all information supporting investigations performed by them in a secure location.
 - All such information, documentation, etc., is the property of DSIA and shall be so identified.
 - DSIA may request that supporting information accompany investigative reports.
-

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DSIA Responsibilities

DSIA

- Determines the authenticity of allegations
- Ensures that appropriate corrective actions are taken to rectify any identified fraud, waste or abuse.
- Ensures that timely investigative and resolution activities are undertaken in response to allegations received through the hotline.
- Works with agency internal audit programs to investigate and resolve reported allegations in the most cost efficient manner.
- Reviews investigative work to determine its quality and appropriateness and provide suggestions for improvement in future investigations.

How DSIA Operates The Hotline

The State Internal Auditor is responsible to the Governor for the administration of the hotline and DSIA carries out this responsibility through the network of agency/institution (agency) internal auditors and designated agency Hotline Coordinators, and other state entities in place to investigate specific types of allegations.

What Does DSIA Investigate?

DSIA conducts all investigations involving alleged improprieties committed by agency heads, internal auditors, and other officials as the circumstances warrant. For those allegations, DSIA may conduct the investigation or assist other agencies or agency officials that do not have an internal audit program.

DSIA Participation

DSIA may participate in any hotline investigation, if warranted by the nature of the allegation, or if the agency head or IA Director requests our participation.

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Investigator's Responsibilities

Agency Responsibility

Agency Internal Audit Directors and Agency Hotline Coordinators are responsible to the State Internal Auditor for conducting Hotline investigations. They shall not be restricted, limited, or interfered with by anyone while conducting hotline investigations.

Agency Internal Audit Program's Responsibility

Agency Internal Audit Programs shall provide confidentiality over hotline documents in order to maintain the integrity of the hotline program.

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Assignment of Case Investigation

Policy

Hotline cases are assigned by DSIA to the respective agency Internal Audit Director in cases where the agency has an internal audit program.

Heads of agencies that do not have an internal audit program have designated a high-level individual within the agency to coordinate DSIA's investigation and resolution of complaints directed at the respective agency.

Exception

Cases where the agency head or a member of the internal audit staff may be a target of the investigation are investigated by DSIA.

Hotline Coordinators

Heads of agencies which do not have an internal auditing program should designate a high-level individual within the agency to conduct investigations or to coordinate DSIA's investigation and the resolution of complaints involving the respective agency. This individual should have some background or training in conducting administrative investigations. The individual's name, position within the agency, address, and telephone number should be provided to DSIA each year.

Large State Agencies

DSIA recognizes that in some large agencies with locations throughout the Commonwealth, the Internal Audit Director may delegate hotline investigations to other responsible members of the management team.

Investigations Delegated To Others

For cases delegated by the Internal Audit Director to other responsible members of the management team, the Internal Audit Director shall:

- Ensure that others conduct hotline investigations in the same confidential manner as those conducted by the internal auditors.
- Ensure that the person is in a position to be objective and un-biased.
- Remain ultimately responsible to DSIA for the proper conduct of the investigations.

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Assignment of Case Investigation, Continued

-
- Review the work performed by others and provide a conclusion as to whether or not the allegation(s) was/were substantiated or not.
 - Develop the objectives and questions that need to be answered and provide that information to the investigator.
 - Ensure that the person conducting the investigation is properly trained on conducting a hotline investigation.
 - An important consideration is how much information to provide to those outside the investigative process. Those involved in the investigative process must be familiar with investigative techniques, confidentiality and hotline policies. If sufficient investigative personnel are not available, the Internal Audit Director may consider delegating tasks without providing sensitive information such as the allegation, investigative methods and so on.
 - The IA Director will ensure the person conducting the investigation is familiar with these policies and procedures.
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Target of Investigation

When Should The Target Be Advised Of The Allegation?

Investigators should avoid alerting the target of the allegation until they have sufficient evidence to corroborate the allegation. If the allegation is corroborated by reasonable evidence, the investigator shall interview (see pg. 15 for discussion of techniques) the target of the allegation.

What Are The Rights Of The Target Of The Investigation?

Remember that an anonymous tipster initiated the investigation and it could be false. Therefore, a certain amount of investigative work should be conducted to determine whether or not there is a likelihood that the allegation will be substantiated prior to interviewing the target. You should maintain strict confidentiality to protect the reputation of the target, especially for unfounded allegations. Be cognizant of the rights of the target, however, bear in mind these are administrative and not legal proceedings. For example, there have been instances where the target of an investigation retained legal counsel following an interview and requested legal representation in subsequent interviews. DSIA permitted counsel to observe the interview on the condition they remain silent during the interview. Legal counsel was thus constrained from advising their client during the interview.

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Hotline Investigative/Complaint Report

Introduction A DSIA investigator records hotline calls on an Investigative/Complaint Report, also informally referred to as a “Case Write-up Sheet”.

Concern **Do not provide a copy of the *Hotline Investigative/Complaint Report* (the hotline case write-up sheet) to anyone other than the investigator.**

DSIA believes the information contained on the *Hotline Investigative/Complaint Report* may compromise the caller’s identity because:

- DSIA investigators prepare the *Hotline Investigative/Complaint Report* verbatim from the caller’s description of the situation.
 - Confidential information is contained in the *Hotline Investigative/Complaint Report* such as individuals who witnessed the alleged fraud, waste or abuse.
 - Other information such as the time and date of the call can provide clues to the caller’s identity.
-

Authority Under Executive Order Number Thirteen (98), DSIA administers the hotline program to provide State employees with a mechanism to anonymously report fraudulent, wasteful or abusive activities observed within the workplace.

Confidentiality DSIA assures callers that they will be anonymous and steps are taken to protect their identity. DSIA takes precautions to ensure that the identity of State employees who report alleged fraud, waste, or abuse to the hotline is totally anonymous.

The *Hotline Investigative/Complaint Report* is handled by DSIA under the strictest level of confidentiality and is marked as “Confidential State Employee Hotline Documents.” The agency internal audit programs must provide the same level of confidentiality over hotline documents in order to maintain the integrity of the hotline program.

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Hotline Investigative/Complaint Report, Continued

Reminders from DSIA

-
- Agency Internal Audit Directors and others involved in hotline investigations should not share the Investigative/Complaint Report with anyone except those individuals who are directly involved in conducting the investigation.
 - If you deem that it is necessary for investigative purposes to disclose the nature of the allegation(s) to the target, you may do so by providing them with a summary of the allegation(s). However, you should be careful not to provide them with any information that would compromise the caller's identity.

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Structure of a Hotline Investigation

Overview of a Hotline Investigation The following is the structure of a hotline investigation:

Objective: **Did fraud, waste or abuse (of state resources) occur?**

| Step | Action | Comments/Suggestions |
|-------------|--|--|
| 1 | Review the Hotline Investigative Complaint Sheet to ascertain what alleged fraud, waste or abuse occurred and who was the target of the investigation. | Highlight the allegation (s) within the Investigative/Complaint Sheet. <i>Some examples of hotline allegations are: theft of cash, diverting cash receipts, financial fraud, lapping of accounts receivable payments, stealing or forging checks, theft of inventory or equipment, overstated work hours, leave abuse, misappropriation, falsified travel reimbursement vouchers, unnecessary purchase/spending, unnecessary or excessive travel, embezzlement, waste, mismanagement, conflicts of interest, manipulation of financial records, contract and procurement fraud, malfeasance, misappropriation of assets, misuse of funds, bribes, kickbacks, misstatement, forgery, and other irregularities.</i> |
| 2 | Determine if any further information is needed to conduct the investigation. If so, you should contact the DSIA hotline coordinator. | DSIA will place the hotline case number on the call back tape. Once the complainant calls back, DSIA will gather the additional information and provide it to the Internal Audit Director. |
| 3 | Research what law, state and/or internal agency policy, regulation, or law governs the allegation. | |

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Structure of a Hotline Investigation, Continued

Overview of a Hotline Investigation (continued)

| Step | Action | Comments/Suggestions |
|-------------|---|---|
| 4 | Set the scope of the investigation, considering the evidence identified or provided by the complainant such as: documentation, witnesses, method of concealment, date of occurrence, etc. | <ul style="list-style-type: none"> Develop investigative strategies to gather sufficient information about the details provided in the complaint to substantiate/refute material allegations. Decide what investigative techniques shall be used to corroborate or refute the allegations. Some examples of how to investigate allegations are provided below. |
| 6 | Prepare a work plan. | <p>An effective work plan will:</p> <ul style="list-style-type: none"> Guard against omitting important steps. Help the auditor perform an efficient investigation Keep the investigation organized and focused |
| 7 | Conduct a discrete and thorough on site investigation to obtain evidence and other documents to establish a reasonable basis for any opinion rendered. | <ul style="list-style-type: none"> Avoid tipping off the suspect (target) during the early stages of the investigation. You may accomplish this by reminding those you interview they may be the subject of disciplinary action if they discuss interviews with anyone. When requesting information consider requesting additional information to conceal the identity of the target, (for example request travel vouchers for W, X, Y and Z instead of just X.) Never divulge the name of the target of the investigation. That is, while it may be necessary to ask about X's activities, never tell a witness X is the target of a hotline investigation. |

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Structure of a Hotline Investigation, Continued

Overview of a Hotline Investigation (continued)

| Step | Action | Comments/Suggestions |
|------|--|--|
| | | <ul style="list-style-type: none"> • Avoid the receiving of misleading information. • Be careful that outsiders do not find out the nature of the hotline investigation. • Remember that an anonymous tipster initiated the investigation and it could be false. You should maintain strict confidentiality to protect the reputation of the target, especially for unfounded allegations. • Be cognizant of the rights of the target. |
| 8 | Evaluate the evidence and determine what it means in relevance to the suspected fraudulent or wasteful activity. Carefully assess the relevance of all evidence gathered. | Gather evidence. Trace accounting entries, recognize patterns in documents, search electronic databases, identify documents that appear forged or reconstructed, conduct interviews of witnesses and suspects, and maintain a high level of professional skepticism. |
| 9 | Evaluate evidence obtained to date and decide whether additional information is needed to meet the investigation objective. If necessary, search for and accumulate additional evidence. | <p>If the information gathered does not support the hotline allegations, discontinue the investigation.</p> <p>(Remember the Hotline Executive Order states that investigations be undertaken in the most cost efficient manner.)</p> |

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Structure of a Hotline Investigation, Continued

Overview of a Hotline Investigation (continued)

| Step | Action | Comments/Suggestions |
|-------------|--|---|
| 10 | Evaluate the evidence and determine what it means in relation to the suspected fraudulent or wasteful activity. Carefully assess the relevance of all evidence gathered. | Evidence gathered should enable the investigator to answer the following questions: <ul style="list-style-type: none"> • Did fraud, waste or abuse occur? • When did it occur? • What assets or accounts were involved? • How was it committed? • What is the amount? |
| 11 | Reach a conclusion based on the evidence gathered on whether fraud, waste or abuse occurred and, if necessary, make recommendations to prevent improper events from recurring. | Be alert to opportunities such as internal control weaknesses that could allow fraud to occur. If significant internal control weaknesses are detected, consider performing additional tests to detect other fraudulent transactions. |
| 12 | <p>If fraud, waste or abuse occurred:</p> <ul style="list-style-type: none"> • Make recommendation to agency management to rectify the fraud, waste or abuse identified in the hotline allegation. <p>As considered necessary,</p> <ul style="list-style-type: none"> • Make recommendation to prevent future similar occurrences of fraud, waste or abuse from occurring. | <ul style="list-style-type: none"> • Report information to DSIA following established reporting guidelines. (Refer to Reporting Section) • DSIA does not prescribe any specific reporting guidelines for the Internal Auditor to follow when reporting hotline recommendation(s) to agency management. The Internal Audit Division should provide hotline recommendations to Senior Agency Management in the same manner that it reports other strictly confidential matters. |

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Structure of a Hotline Investigation, Continued

Overview of a Hotline Investigation (continued)

| Step | Action | Comments/Suggestions |
|-------------|---|---|
| 12 | <ul style="list-style-type: none"> While recommendations that appropriate disciplinary actions be taken may be included, it is within management's authority to determine final disciplinary action. Make recommendation for recovery of any monies due to the Commonwealth. <p>If there is a reasonable suspicion that a fraudulent transaction occurred, refer to Code of Virginia 2.1-155.3, for reporting requirements.</p> | <ul style="list-style-type: none"> All reports regarding hotline investigations are to be marked as "Confidential State Employee Hotline Documents." All copies of reports issued as a result of a hotline recommendation shall be provided to DSIA. The Internal Audit program is the Custodian of all work papers and any other documents relating to the hotline investigation. (Refer to the retention guidelines). All hotline documents, reports, and other information relating to a hotline investigation are the property of DSIA. |
| 13 | Report results of investigation to DSIA, rendering your opinion on whether or not the allegation was substantiated. | See reporting section for more details. |

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Gathering Evidence

**How do I
determine if
the allegation
is valid?**

Various types of investigative techniques are generally used to gather evidence needed to substantiate or refute the hotline allegation. Examples follow.

**What evidence
is needed?**

Sufficient evidence to either confirm or refute the allegation.

**What
investigative
techniques are
used?**

Investigators should select the type of investigative techniques based on the following:

- Effectiveness of the method selected; will it likely uncover fraud, waste or abuse?
- Investigator's knowledge and comfort in using the method.
- Costs of using the method. The selected method may be too expensive given the potential dollar amount of the allegation.
- Ability to gather the evidence without arousing suspicions.

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Examples of Types of Evidence

| Evidence | Definition | Examples of Investigative Technique(s) |
|----------------------------------|--|---|
| Documentary | Written evidence on paper or computer medium | Examination of records and computer databases to obtain the documents. Examinations, recompilations and financial analysis of records. Sample transactions, documents. Extract data from databases. |
| Testimonial | Evidence obtained from testimony of individuals | Interviews of witnesses and/or suspects. |
| Observational | Evidence of actions or behavior seen or heard by the investigator. | Observing a scene where alleged fraud, waste or abuse is expected to occur and recording observations of physical facts, acts, movement on paper, tape, film. Physical examination, and Confirmations with third parties. |
| Covert Surveillance | Gathering evidence by tailing, electronic surveillance, and undercover operations. | Generally, not used for hotline investigations. Consult with DSIA before using this technique. |
| Other physical forensic evidence | Gather evidence by scientific techniques such as fingerprints or handwriting analysis. | Generally, not used for hotline investigations. Consult with DSIA before using this technique. |

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Additional Information About Gathering Testimony And Documentary Evidence

Discovery Sampling To Gather Documentary Evidence

Use when its too time consuming or expensive to manually investigate all documents in an area unless there is evidence that fraud exists. Discovery sampling allows the auditor to examine fewer than all items in a population and quantify the risk of error/fraud in the entire population.

Personal Observations To Gather Evidence

Used to observe a location where the allegation occurred. Investigator makes a log of the date, day, time, and location of observation; the name of the observer and any witnesses; all movements and activities observed; the identity of the persons observed; and the time of the occurrence. An example is watching activity within a warehouse.

Interview To Gather Testimony Evidence

An interview is a major investigative technique. It is generally a nonaccusatory structured question and answer session held for a specific purpose. An interview is usually held to obtain new or corroborating information from neutral or other witnesses not suspected of involvement in the alleged fraud, waste or abuse. The questions are usually about agency policies, procedures and controls and any deviations that they witness and other details such as who deviated from policies and procedures. Leads or tips about possible suspects, information about other possible witnesses, interviewee's connection with the target and any documents received from the target.

Interrogation To Gather Testimony Evidence

Interrogation is a carefully controlled and confrontational interview with a suspect. The purpose is to obtain information from the suspect that is not obtainable elsewhere, to obtain a confession from a guilty suspect, or to obtain evidence that the suspect is not involved in the allegation. It is recommended that two investigators be present so that one can serve as a witness to the session.

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How To Plan An Interview

Introduction It is important to remember your objective is to obtain truthful and complete disclosure with as little inconvenience to the interviewee as possible. The following steps should be taken:

| Step | Action |
|------|---|
| 1 | Timing: hold as soon as possible but not before the investigator has gathered sufficient evidence and information on which to base the interview questions |
| 2 | Advance Notice: the amount of notice given to the interviewee should be carefully determined. Some investigators like to give the interviewee advance notice so they can be better prepared to give informed answers and/or gather any supporting documents. Other investigators do not like to give advance notice for various reasons, such as the target might find out and coerce or supply answers to the interviewee. Hostile interviews should be held on a surprise basis so that the interviewee will have no time to prepare answers. |
| 3 | Preparation: The investigator should gather as much information as possible before the interview, about the allegation and the person being interviewed. This will help the interviewer to structure questions. |
| | Physical Location: Interview should be conducted in a confidential controlled setting. The room should offer privacy and be away from interrupting co-workers and other distractions. |
| | Room Arrangement: The investigator should be seated in the place that gives the best eye contact and proximity to the interviewee. |
| | Other Considerations: You should only interview one person at a time, both for privacy and because one person may influence another. |
| 4 | Conducting the Interview: <ol style="list-style-type: none"> 1. Opening – Introductions and state the purpose of the interview. Do not divulge information that may identify the caller or other witnesses. 2. Middle – Investigator obtains information about the allegation by asking questions. These types of questions are usually non-threatening and non-confrontational and are asked to obtain factual and unbiased information. The questions may be open, closed, or leading. 3. Closing- Ask closing questions to summarize key facts and statements made during the interview to be sure they are correct. Usually start with..."Let me summarize what we have discussed..." Give the interviewee a business card or number to call if they have questions or follow-up information. |

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How To Plan An Interview, Continued

Introduction (continued)

| Step | Action |
|------|--|
| | Summarize the results of the interview, as soon as possible after the interview was concluded. |

Interviews – Other Hints

You should consider the following:

| If interviewee is... | Then consider... |
|--|--|
| Friendly (helpful, volunteering information) | That the interviewee may: <ul style="list-style-type: none"> • Sincerely want to help. • Seeking revenge against the suspect for some other reason • Trying to deflect the investigator's attention. • Offer biased, false, or irrelevant information. |
| Neutral | <ul style="list-style-type: none"> • That the interviewee provides the most unbiased information. • Interviewing the neutral witness first. |
| Hostile | That the interviewee may: <ul style="list-style-type: none"> • Be associated with or friends with the suspect • Need to be persuaded to interview. • Reminded that they are not suspected of involvement. • Reminded that the interview is an important use of their time. The interviewer should: <ul style="list-style-type: none"> • Display a sympathetic and nonjudgmental attitude. • Minimize facts that can make someone reluctant to be interviewed or that can inhibit an interview. |

How Do I Document The Interview?

Interview forms are used that contain the name of the interviewee, date, time and location of the interview and the opening statement that follows. Questions are asked of the interviewee and their responses are recorded on the interview form. It is important to take good notes and to record as closely as possible the interviewee's responses verbatim. This is one reason for having two investigators conduct interviews – one can take notes.

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How To Plan An Interview, Continued

In some cases, where the case is sensitive and you want to avoid repudiation by the interviewee or you believe the responses may be complex, you may want to tape record their responses. In such instances, request the interviewee's consent before recording and have them acknowledge their consent on the recording before beginning.

Investigators may want to get the interviewee's signature or initials on the results of the interview sheets.

Opening Interview Statement

The following statement should be read to all interviewees to clarify the level of confidentiality expected from the interviewee:

We are conducting a confidential review on behalf of the State Employee Fraud Waste and Abuse Hotline in accordance with Executive Order #13. We are treating all information gathered during this review as Confidential State Employee Hotline Documents and will treat all related interviews as confidential. We will ask you to respond to some questions pertaining to this review and to provide any other information that you consider as relevant. We direct you not to discuss with anyone else what we talk about during this interview, as this interview is strictly confidential. If you do so, you could jeopardize the confidential nature of this investigation as well as subject yourself to disciplinary action. The information that you provide to us will be handled as part of other information provided during this review. We appreciate your cooperation and taking the time to meet with us and respond to our questions.

What Questions Do I Ask Witnesses?

Generally, witnesses are asked questions that provide factual information related to the allegation. The following are interview questions that are typically asked for different types of allegations.

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How To Plan An Interview, Continued

| Type of allegation | Typical Questions to Ask Witnesses |
|----------------------------|---|
| Leave Abuse | <ul style="list-style-type: none"> • Are alternate work schedules allowed? • Based on your observations, what are the subject's set work hours? • When does the subject take lunch, breaks? • Physically, are you in a position to observe the subject when they enter or leave their office? Is anyone else in a position to observe this? • Does the employee arrive late/leave early? If so, how often does this occur and how long has it been going on? Are there other individuals who may have observed this? • Specific dates of leave abuse. • Is there a sign-in/sign-out sheet or time clock? Is there any other record to determine when the subject arrives or leaves? • If the subject leaves early, do you know where the subject goes? <p>If surveillance will be conducted, then also ask:</p> <ul style="list-style-type: none"> • What type of vehicle does the subject drive? Ask make, model, color, and license plate #. • Are there assigned parking spaces? Where does the subject normally park? • Describe the subject. Ask approximate height, weight, hair color, etc. • Where does the subject live? Do you know the route they go to/from work? • How do you know whether leave forms are turned in? • Do people work extended hours, nights, or weekends? • Is there a comp time policy? • Does the agency have a work-at-home policy? |
| State Vehicle Abuse | <ul style="list-style-type: none"> • Is the subject permanently assigned a vehicle? If not, how do they obtain access to a state vehicle? • Describe the state vehicle (make, model, color, license plate #). • For what business purpose would the subject need to use a state vehicle? • Does the subject drive the vehicle to and from work? If so, estimate approximate distance of roundtrip travel. • If the vehicle is used for personal purposes, how is it used? (Subject drives to lunch, shops at the mall, etc.) Obtain specific details. • Provide specific dates of when the vehicle abuse occurred and frequency. • If necessary, interview the Fleet Manager. • What is the agency policy regarding vehicle use? |

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How To Plan An Interview, Continued

What Questions Do I Ask Witnesses? (continued)

| Type of allegation | Typical Questions to Ask Witnesses |
|---|---|
| Telephone / Cell Phone/Fax Abuse | <p>Telephone/Cell Phone Calls</p> <ul style="list-style-type: none"> • What is the process for monitoring telephone calls? • How do you know the telephone calls are not related to state business? • Do you know whom the subject is calling and their telephone number? • Are they long distance or local calls? • What evidence exists? <p>Faxes</p> <ul style="list-style-type: none"> • What fax machine is the subject using (fax number and location)? • What type of documents is the subject sending and/or receiving? • Do you know the fax number the subject is sending/receiving documents to/from? • Do you have a copy of those documents? If so, please provide. |
| Purchases | <p>Procurement Violations</p> <ul style="list-style-type: none"> • What was purchased and what was the cost? • Who authorized the purchase? • Have the goods/services been received yet? • Has the agency paid the vendor for the goods or services? |
| Private / Personal Business— On State Time Or Uses State Resources | <ul style="list-style-type: none"> • Does the subject have an outside business or part time job that they are doing while at work? • Describe the nature of the outside or personal business that is being conducted while at work. • What is the name of the business? Do you have a business card, pamphlet or any other materials? If so, please provide. • How much time does the subject spend doing this each day? How long has this been going on? • Is the subject conducting the outside business during their state work hours, during lunch or after work hours? |

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How To Plan An Interview, Continued

What Questions Do I Ask Witnesses? (continued)

| Type of allegation | Typical Questions to Ask Witnesses |
|---------------------------|---|
| | <ul style="list-style-type: none"> • Do you have any evidence that would support this, such as copies of documents prepared or faxes? • What evidence exists to support this allegation? • Does the subject use other staff to assist in the work? |
| Travel | <p>General Questions</p> <ul style="list-style-type: none"> • What was the date and time of the travel? • What was the travel destination or location of the occurrence? • What was the purpose of the travel? • Did anyone else travel with this individual? If so, please identify. • Was a travel claim filed and liquidated? |
| Computers | <p>Unauthorized use of state computer</p> <ul style="list-style-type: none"> • Does the subject prepare personal documents on their computer? • Is this done on state time, after hours, or during lunch? • Describe the documents that were used or prepared. How much time was spent using or preparing the documents? • What are the documents about? • Do you have a copy of the documents? If so, please provide to us. • Where are the documents saved (hard drive, diskette, network)? • Were there any other state resources used in preparing these documents, such as a copy machine or printer? |
| Internet Abuse | <ul style="list-style-type: none"> • Does the subject have a separate log-on to access the Internet? • What types of sites does the subject access? Do you know of any specific site addresses? • Is the Internet access through the agency network or a private service provider? |

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Hotline Interview Techniques

Introduction The following are some examples of interview techniques used by hotline investigators to address specific allegations.

| Type of Allegation | Symptoms | Detection |
|---------------------------|--|--|
| Leave Abuse | <ul style="list-style-type: none"> • Late arrivals, early departures, extended lunch breaks • Failure to report annual or sick leave. • Work load behind • Poor performance • Official records indicate little or no use of annual or sick leave • No set work hours | <ul style="list-style-type: none"> • Personal Observation • Interview witnesses • Search time and attendance records for patterns • Monitor time of day of computer log on/off. • Monitor building access or parking lot access |
| Abuse of Telephone | <ul style="list-style-type: none"> • Increased volume and duration of telephone calls • Out of state calls • Poor system of reviewing and monitoring employee telephone calls • No internal telephone policy | <ul style="list-style-type: none"> • Search telephone records • Interview witnesses • Search telephone messages pads, if applicable • Obtain records from DIT as needed • Identify parties called as provided by DIT |
| Theft of Cash | <ul style="list-style-type: none"> • Cash receipts differ from normal or expected patterns. • Unusual amount or patterns of cash overage/shortage • Increased use of petty cash fund or inappropriate use of petty cash. | <ul style="list-style-type: none"> • Surprise cash count • Observations • Interview witnesses • Supporting documentation, etc. |

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Hotline Interview Techniques, Continued

Introduction (continued)

| Type of Allegation | Typical Questions to Ask Witnesses | |
|---------------------------|--|---|
| Unfair Hiring | <ul style="list-style-type: none"> • Poor or insufficient documentation of stages of hiring process such as screening of applications. • Screening out qualified applications so that the favored application scores high at interview stage. • Missing documents such as interview notes. • Screening criteria not related to position description. | <ul style="list-style-type: none"> • Examination of personnel and recruiting records • Redo initial scoring of applications • Interview all panel members • Interview witnesses. • Qualifications of selected individuals. • Does staff believe person is handling the job? |
| Theft of Inventory | <ul style="list-style-type: none"> • Inventory discrepancies • Inventory lower than expected • Missing inventory records • Poor internal controls over inventory • Not on state's fixed assets system | <ul style="list-style-type: none"> • Make inventory comparison • Observation • Surprise physical inventory • Compare the most recent inventory to procurement and usage records, than compare to current inventory. |
| Theft of Computer | <ul style="list-style-type: none"> • Missing inventory records • Poor internal controls over inventory • Not on state's fixed assets system • No internal system • No sign out sheets for take home computer | <ul style="list-style-type: none"> • Compare purchase records to physical inventory • Interview witnesses • Surprise physical inventory • Review control records |

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Hotline Interview Techniques, Continued

Introduction (continued)

| Type of Allegation | Typical Questions to Ask Witnesses | |
|------------------------------|---|--|
| Inflated Time Sheets | <ul style="list-style-type: none"> • Sloppy, altered or forged records • No records • Workload behind | <ul style="list-style-type: none"> • Personal Observation • Interview witnesses • Search time and Attendance records for patterns • Monitor time of day of computer log on • Monitor time of day of outgoing telephone calls • Monitor building access or parking lot access |
| Procurement Kickbacks | <ul style="list-style-type: none"> • Improper segregation of duties • Poor internal controls over purchasing • No code of ethics or internal policy prohibiting certain types of gifts, etc. | <ul style="list-style-type: none"> • Interview witnesses • Review employee's statement of economic interest form |

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Reaching A Conclusion Based Upon The Evidence

Allegation— Substantiated or Not

Once you are satisfied that you have gathered and reviewed the appropriate documentation and all necessary interviews have been conducted, you should reach a conclusion of whether the allegation is substantiated or unsubstantiated. When there is more than one allegation, it may be necessary to conclude that some of the allegations are substantiated while others are not. It is important to look at each allegation individually and conclude on its validity.

To conclude that there was waste or abuse does not require that it be intentional. Therefore, this should not be considered when determining whether the allegation was substantiated or not. However, mitigating circumstances may be considered when determining corrective action.

The standard of proof for substantiating allegations is a preponderance of the evidence, that is, there is more evidence supporting the allegation than not. It is not necessary to have proof beyond a reasonable doubt. Clear and convincing evidence is enough detrimental evidence to cause a reasonable person to believe that the subject committed the offense or was responsible for the outcome.

When determining whether an allegation has merit, you should weigh all the evidence you have gathered including witness statements. Without supporting documentation to prove the allegation is true, relying on witness statements alone is risky. Normally witness statements should lead you to other evidence that can be proven such as records or documents. While witness statements alone will not make your case, they do provide additional corroborating evidence that the allegation is true, provided you also have documentary evidence to back it up.

In the case that you have the word of one witness against another, it will be difficult to conclusively deem that an allegation is substantiated. However, this does not prevent you from stating in your report what each witness said. You should refrain, though, from giving your opinion as to which witness you believe.

You may also find the allegation is not substantiated, but that policy changes or improvements in internal control may avoid future problems. In such cases, you may find the case unsubstantiated, but make these recommendations as a part of your hotline report.

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Guide To State Policies, Laws, And Regulations

Reference Matrix

Some frequently used state policies, laws, and regulations are listed below. This matrix is indicated for use only as quick reference. This matrix does not include all applicable state codes, policies and regulations. You should refer to the regulation for additional information and you must also consider internal policies and procedures:

| Topic | Reference | Summary |
|--|---|---|
| Hours of Work | DHRM policy 1.25 | Work schedules, alternate work schedules, overtime hours, lunch periods and breaks. |
| Compensatory Leave—Exempt Employees | DHRM Policy Number 3.10 | <ul style="list-style-type: none"> • C-1. Additional work hours for an exempt employee must be approved in writing in advance by the agency head, or his designee. • C-2. Additional work hours are intended only to relieve specific peak workload needs and shall not be authorized to provide for continuous workload requirements. • C-3. Additional work hours <u>do not</u> include extra hours that an exempt employee <u>independently</u> determines is necessary to carry out his or her job responsibilities. |
| Outside Employment | State personnel policy under the Department of Human Resource Management's <u>Policies and Procedures Manual</u> , Standards of Conduct, 1.60, III, E-1, requires that: | <ul style="list-style-type: none"> • Employees may not engage in any other employment in other agencies, outside of state service, in any private businesses, or in the conduct of professions, either during the hours for which they are employed to work; or outside their work hours if such employment is deemed by employing agencies to affect employees' work performance or to be in violation of the Virginia Conflict of Interests Act. |

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Guide To State Policies, Laws, And Regulations, Continued

Reference Matrix (continued)

| Topic | Reference | Summary |
|----------------------------|---|--|
| Telephone Policy | <ul style="list-style-type: none"> DIT Department of Accounts, The CAPP Manual, Section 20310, Expenditures | <p>Section 605, Car Telephone Policy, states that</p> <ul style="list-style-type: none"> The agency head or designee must authorize the acquisition and use of cellular phones. Recurring monthly billings must be received in the agency fiscal office. Are to be used for conducting official business only and should not be used for personal purposes. State telephone policy is prescribed by the Department of Information Technology, and general telephone procedures require that state telephones are for conducting official business only and should be not be used for personal or private purposes. |
| State Vehicle | VDOT Fleet Management | <ul style="list-style-type: none"> Fleet Vehicle Use Commuting with Fleet Vehicles |
| State Travel Policy | Department of Accounts, CAPP Manual Topic No.20335, <i>State Travel Regulations</i> | <ul style="list-style-type: none"> Convention and Conference travel Travel Charge Cards Lodging Reimbursement Rates Meals and Incidental Expenses Overtime Meals Disallowed Misc. Expenses Business Meals Travel in Personal Vehicle Mileage Rates Commuting Status Rental Car Travel Reimbursement Methods |

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Guide To State Policies, Laws, And Regulations, Continued

Reference Matrix (continued)

| Topic | Reference | Summary |
|---|--|--|
| Petty Cash | Department of Accounts, CAPP Manual Topic No. 20330, <i>Petty Cash</i> | <ul style="list-style-type: none"> • Policy • Restrictions |
| Small Purchase Charge Card | Department of Accounts, CAPP Manual Topic No. 20355, <i>Purchasing Charge Card</i> DOA DGS | <ul style="list-style-type: none"> • Purchasing Card Security • General Requirements |
| Small Purchase | Chapter 5 | <ul style="list-style-type: none"> • DGS - Small Purchase |
| Competitive Purchase | Chapter 6 Chapter 7 | <ul style="list-style-type: none"> • DGS -Competitive Procurement |
| Procurement - Sole Source Purchase | Chapter 8 | <ul style="list-style-type: none"> • DGS - Sole Source Procurement |
| Procurement - Emergencies | Chapter 9 | <ul style="list-style-type: none"> • DGS – Emergency Procurement |
| Standards of Conduct | DPT 1.60 | |
| Procurement—Ethics | <i>Code of Virginia</i> Ethics in Public Contracting | <ul style="list-style-type: none"> • §11-35, ...<i>All procurement procedures be conducted in a fair and impartial manner with avoidance of any improprieties or appearance of an impropriety....</i> |

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| Topic | Reference | Summary |
|---|--|---|
| | | <ul style="list-style-type: none"> • §11-73,... A procurement transaction shall mean all functions that pertain to the obtaining of any goods, services or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract and all phases of contract administration. • §11-75,... No public employee having official responsibility for a procurement transaction shall solicit, demand, accept, or agree to accept from a bidder, offeror, contractor or subcontractor any type of payment, loan, subscription, advance, deposition of money, services or anything of more than nominal or minimal value... |
| Procurement | DGS | State procurement policy requires that ... <i>all state employees having official responsibilities for procurement transactions shall conduct business with vendors in a manner above reproach in every respect...</i> |
| State and Local Government Conflict of Interests Act | Code of Virginia §2.1-639, the State and Local Government Conflict of Interests Act. | §2.1-639.9, ... <i>No officer or employee of any government agency shall have a personal interest in a contract with the government agency of which he is an officer or employee, other than his own contract of employment.</i> |
| Hiring | DHRM 2.10 | Includes recruitment, screening, and selection. |
| Compensation | DHRM 3.05 | Includes reallocations, re-grades, starting pay, and acting pay. |
| Expenditures | Department of Accounts, CAPP Manual Topic No. 20310, <i>Expenditures</i> | Expenditures that are not considered to be proper charges against state funds. |

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References

Subject Cross References

The Institute of Internal Auditors, *Codification of Standards for the Professional Practice of Internal Auditing*, Statements of Internal Auditing Standards Nos. 1 –13, Statement of Responsibilities of Internal Auditing Code of Ethics.

Guide to Fraud Investigations, Practitioners Publishing Company, Fort Worth, Texas.

Governor's Executive Order Number Thirteen (98), The State Employee Fraud Waste and Abuse Hotline.

Department of Accounts, *CAPP Manual*.

Department of General Services, *Agency Procurement and Surplus Property Manual*.

VDOT, Division of Fleet Management, *Rules & Regulations governing the use, operation and maintenance of state-owned fleet vehicles*.

Department of Human Resource Management, *Human Resource Policies and Procedures Manual*.

Code of Virginia, §2.1-155.3, State agencies, courts, and local constitutional officers to report certain fraudulent transactions to the Department of the State Police and the Auditor of Public Accounts.

Code of Virginia, § 2.1-342.01 .43, Virginia Freedom of Information Act; exemptions.

Code of Virginia, §2.1-234, The Department of the State Internal Auditor.


Records Retention

Copies of hotline documentation are to be maintained on file in each agency's internal audit department for 3 years. See Record Retention.

DSIA Contact

Questions?

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Reporting

Guidelines

Subject This Chapter addresses the State Internal Audit Directors responsibilities for submitting hotline reports to the Department of the State Internal Auditor and appropriate management to include Boards of Visitors.

Hotline Reports As a general rule, hotline reports should not be released to anyone, except to DSIA. However, it may be necessary in some cases to issue summary reports for hotline cases. For example it may be necessary to supply such a report to the agency's governing board in order to keep them notified of significant events, or it may be necessary to issue such a report to agency management in order to affect corrective and/or disciplinary actions. In such instances, such summary reports should disclose no more information than is absolutely necessary. It is imperative that the callers and witnesses' identities are protected and that such reports to not disclose information that may compromise their identities.

Summary Reports As a general rule summary reports should follow these guidelines:

The summary report should be limited to a statement that an investigation took place. The summary report should also state the finding(s) and the recommended corrective action(s).

The report should not disclose that the investigation was conducted in connection with the hotline. The summary report is should not be stamped "Confidential State Employee Hotline Document."

It is permissible, though not required to make recommendations for disciplinary actions in the summary report.

The summary report should be carefully prepared to exclude the scope of the investigation that may reveal any witnesses to the investigation. Moreover, the summary report should not include the hotline allegation or other information that may compromise the identity of the caller. The summary report should not include the case number, date of call and other identifying information that indicates the report is connected to a hotline call.

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Due Date of the Report

All cases that are assigned have a report due date sixty days from the assignment of the case.

Report Format

While there is no particular format for the report that is due to DSIA, the content of all reports should be similar. Agency Internal Audit Directors or Hotline Coordinators will provide a report to DSIA which includes the information contained in this section. Below are the required report elements.

Report Elements – Report to DSIA

- Case number
- Amount of funds
- Nature of complaint
- Results of investigation
- Auditor's Conclusion
- Any corrective actions planned or taken
- Include the name, business address, and business telephone number of the target of complaint for cases where no action was taken
- Any internal control weakness identified and corrected
- Cost of Investigation

Case Number

This is a four-digit number that is included on the case referral form that is sent to investigators.

Nature of Complaint

Hotline referrals are written in narrative form that closely corresponds to the original call, and as such include allegations, and other information needed by investigators. In order for the report to be clear, investigators should include the allegations which they are investigating. This can be stated as a narrative or a list of allegations. Often cases have more than one related allegation, and the investigator should include all of those they investigate.

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Investigative Techniques Or Scope

The investigator should include a statement of the investigative techniques used to investigate the allegation. These statements may be broken down by allegation, or included in a separate section. If there are more than three related allegations in one case, it is generally clearer to separate the investigative techniques by allegation. This section may be either in narrative form or completed as a list; however, it should be specific. It should include all of the steps taken to investigate the case.

Results of Investigation

The results of the investigation section should include the auditor's findings and observations made during the course of the investigation. At a minimum, there should be observations that address the allegations and issues identified during the course of the investigation. Generally, there should be observations for each of the investigative techniques outlined in the section preceding this one.

Auditor's Conclusion

Cases must be concluded as to being substantiated or unsubstantiated. A substantiated case results in fraud, waste or abuse. The auditor's conclusion must go beyond merely confirming whether information contained in the allegation is factual. It is possible to have a substantiated case result from information that is not factual in the allegation and cases that are unsubstantiated when all of the facts in the allegation are accurate. If the case contains more than one allegation, there should be a conclusion for each of the allegations investigated.

Any Corrective Actions Planned or Taken

Unless there is a compelling reason to do so, reports should be submitted after corrective action has been recommended and agreed to by management. Corrective action need not be necessarily taken; some corrective actions are implemented over a period of time. Investigators should therefore obtain a commitment as to when corrective action will be taken.

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Type of Disciplinary Action

It is not the investigator's responsibility to recommend any specific disciplinary action or to follow-up to determine the type of disciplinary action taken. Any disciplinary action taken should not be included in the report. If disciplinary action is to be taken, the report can include a statement that appropriate disciplinary action will or was taken, but should not contain the specific outcomes. This policy is to protect the target of the investigation.

Any Internal Control Weakness Identified and Corrected

The report should address the conditions that gave rise to any substantiated fraud, waste and abuse. The report should address any weaknesses in the system of internal controls and the recommendations to correct those weaknesses. Unlike the disclosures concerning disciplinary actions referred to above, the disclosures about internal control weaknesses and recommended corrective actions should be specific.

Cost of Investigation

The report should contain a summary of the cost of the investigation. This should include all investigative costs for all phases of the investigation as practical. The reported cost does not need to be broken down or include any detail, but the investigator should have a documented basis for the reported costs included with the investigative notes. Reasonable estimates are acceptable.

Funds Identified

Amount of funds identified as a result of substantiating the allegation and taking corrective action, that is, the amount directly attributed to the fraud, waste or abuse. The amount of funds involved should be broken down and identified to include three components:

Finding—Amount of fraud or waste identified, for example the value of leave abused.

Recovery—The funds that were recovered as a result of the investigation. For example, this may be as a result of restitution.

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***Savings**—The amount of savings to the Commonwealth as a result of implementing recommended corrective actions. This amount is necessarily estimated. The basis for these estimates should be documented in the investigative notes. You should also estimate the time frame for any reported future savings, that is, over what period will the savings be realized.*

Quarterly Report

Once a quarter, DSIA will send internal audit departments a list of open cases as of a cut-off date. Internal audit departments are asked to review that list and identify inconsistencies between their records and DSIA's. Such discrepancies may include open cases the agency did not receive or cases for which a report was submitted but has not been closed by DSIA.

When Fraud Has Occurred— Agency Head's Responsibility

In those instances where there is a reasonable possibility that fraud has occurred as defined above or as described in *Code of Virginia*, Section 2.1-155.3, the agency head is required to notify the Auditor of Public Accounts and the Department of State Police. DSIA should also be notified if an investigation is referred.

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Documentation and Confidentiality

Information Maintenance & Ownership

All information supporting investigations and any remedial action taken shall be maintained at the agency.

All such information, documentation, etc., is the property of DSIA and shall be so identified. DSIA may request that supporting information accompany formal reports. All supporting documentation and information must be stamped or identified as “Confidential State Employee Hotline Documents.”

Investigations, interviews, and information relating to investigations should not be shared, discussed, or given to anyone without an absolute need to know.

Information Request

If an agency should receive a request for information regarding a Hotline investigation, either through the Freedom of Information Act or other means, the requestor should be referred to DSIA. Under no circumstances should the agency provide any information to the requestor. Doing so could seriously jeopardize the integrity of the Hotline and the investigative techniques used.

Wording for Confidentiality Stamp


Policy

Strict confidentiality must be maintained over the entire Hotline investigation. You should ensure all documents, working papers, notes, and reports associated with this investigation are marked **Confidential State Employee Hotline Documents**.

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